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# bulletin

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June 18, 1956



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# *The Department of State* bulletin

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June 18, 1956

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## The Cost of Peace

*Address by Secretary Dulles<sup>1</sup>*

Each one of you is going out into a world where you hope to enjoy in peace the blessings of liberty.

That is the kind of a world which United States foreign policy tries to provide.

Today we have peace; no nation is at war with the United States.

Also, we have many blessings. We have good relations with most of the nations of the world. We do not fear them nor do they fear us. We trade with each other and our peoples visit back and forth, all to our mutual profit and enjoyment.

For that peace, and for those blessings that we enjoy, we can be profoundly grateful.

But all of this is not to be had for nothing. Others before you have gone out into the world with eager hopes. But those hopes ended on the field of battle. And those at home were heavy of heart. And the means for economic well-being were dissipated in the wastages of war.

That kind of a price, paid in the coin of war, will always be paid unless men are willing, in time of peace, to pay to preserve peace.

That lesson seems never to be learned. The illusion constantly persists that peace is to be had merely by wanting it. If that were true, war would have been abolished many centuries ago. The fact is that to keep peace is as hard, indeed harder, than to win a war. Wars have been won. But lasting peace has never yet been won. To win a final victory over war will take planning and action that is farsighted, well calculated, courageous, and at times sacrificial. Such sacrifice will be required under conditions less dramatic and apparently less urgent than those of war. But peace will never be enduring as long as men reserve for war their finest qualities of mind and spirit. Peace, too, has its price.

I want to illustrate that in terms of one phase of the peace effort our Nation is now making. It could be described as a peace insurance policy, and it costs about \$40 billion a year.

### **Our Peace Insurance Policy**

The basic elements of this peace insurance policy are drawn from early and successful American foreign policy. We go back to the Monroe Doctrine.

In 1823 President Monroe proclaimed to the despotic alliance then headed by Czarist Russia that "we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety" and that we would not "behold such interposition in any form with indifference."

It was indeed farsighted and bold for our young Nation thus to identify its own self-interest with the fate of freedom thousands of miles away. Yet the pronouncement of that principle, Webster recorded, was greeted with "one general glow of exultation."

That principle has now been extended. Its broadest application is found in the United Nations Charter. But because veto power makes United Nations action undependable, many nations have made with each other treaties which embody the principle of the Monroe Doctrine. Within the last 10 years the United States, always acting in a bipartisan manner, has made such treaties with 42 countries of America, Europe, and Asia.

These treaties abolish, as between the parties, the principle of neutrality, which pretends that a nation can best gain safety for itself by being indifferent to the fate of others. This has increasingly become an obsolete conception, and, except under very exceptional circumstances, it

<sup>1</sup> Made at commencement exercises at Iowa State College, Ames, Iowa June 9 (press release 307 dated June 8).

is an immoral and shortsighted conception. The free world today is stronger, and peace is more secure, because so many free nations courageously recognize the now demonstrated fact that their own peace and safety would be endangered by assault on freedom elsewhere.

However, it is not enough under present conditions for the free nations merely to proclaim their purpose to stand together. There is need for forces-in-being to give authority to those words.

At the outset of World War I and World War II, the United States had little military strength in being. In the case of the Korean War, our initial strength was inadequate. But on these past occasions the conditions of warfare gave us time within which to build up our strength.

But since then, man's capacity to destroy has suddenly expanded to a degree that passes comprehension. Today, a single bomb can release destructive power equal to that used in the 5 years of World War II. Potential enemies could destroy so much, so quickly, if initially unopposed, that we dare not gamble on developing military power after an attack has occurred. To deter aggression, to prevent miscalculation, we need not only to warn but to back that warning by forces-in-being which include retaliatory striking power. That is why our peace insurance policy is so expensive.

The cost of our United States military establishment, at home and abroad, is about \$36 billion a year. That is about 90 percent of the total of a little over \$40 billion a year which our peace insurance policy costs.

The other 10 percent, roughly \$4 billion, goes to promote strength in other lands under our mutual security program. I want to discuss that program and explain why it is part of our total peace insurance policy.

I shall be speaking in terms of expected expenditures. But to keep going at this rate we shall for next year need an appropriation larger than expected expenditures, because the appropriation for this year is less than current expenditures by about \$1 billion.

#### **The Far East**

The largest expenditures under our mutual security program are in the Pacific and Far East. They help strengthen countries with which we have collective defense treaties. This area is today under obvious hostile pressure.

In Korea there is an armistice. But the Chinese Communists have never been willing to make a peace which would unify Korea through free elections held under the auspices of the United Nations. So hostile armed forces face each other across an armistice line.

In Taiwan (Formosa), where the Republic of China now has its home, there is the constant menace of war. The Chinese Communist regime persistently refuses to make a meaningful renunciation of force covering this area.

Then there is Viet-Nam, where again there is an armistice but no formal peace.

I have already pointed out that we have, by treaties, solemnly recognized that an armed attack in these areas would be dangerous to our own peace and security. And Congress, with only four dissenting votes, has authorized the President to use United States forces to defend Taiwan (Formosa) if he deems it necessary. But we do not want it to be necessary to fight to save freedom in these areas. Our purpose is to deter war. So we give military and financial aid to enable the free governments there to maintain their own armed forces to an extent which we and they judge reasonably related to the threat of aggression and our coordinated plans to prevent it.

We expect next year to spend about \$1.5 billion for military aid and defense-support assistance in this area. It goes mostly to the Republics of Korea and China and to the three nations of Indochina. There are lesser amounts for other area allies—the Philippines, Thailand, and Japan.

#### **The Middle East**

Let me turn now to the Middle East. This area produces the oil required for the industry of Western Europe and for the military establishment of NATO. If this were unavailable, it would involve tragedy for the producing countries, which are largely dependent upon the oil royalties. Also, it would require us to share with Europe the oil resources of this hemisphere, and there would be scarcity instead of plenty.

So we assist those four Middle East countries which hold the gateway to the south where the oil reserves are located; and just beyond is the gateway to Africa.

The estimate of expenditure for military aid and defense support for these countries in the next year is in the neighborhood of \$800 million.



## NATO

I turn next to Western Europe. There the military forces of NATO stand guard over the greatest industrial and military treasure that there is within the free world except for the United States itself. So important do we consider this area that nearly six divisions of the United States Armed Forces are stationed in Western Europe for its defense. The European members of NATO themselves make a large contribution to the defense of the area. However, we help by supplying them with certain types of weapons, the cost of which is in our mutual security budget.

We help to support West Berlin as a symbol of freedom behind the Iron Curtain. We are developing bases in Spain, and this involves substantial costs. We also think it prudent to help Yugoslavia, so long as it remains determined to maintain genuine independence. It does not have the form of society that we like. But Marshal Tito defied Moscow and won out. And even though that struggle is today calmed, Yugoslavia provides a notable example of national independence in Eastern Europe.

This European aspect of the mutual security program involves an estimated cost for next year of approximately \$1 billion.

The expenditures I have described are designed to make secure, at minimum cost to us, countries whose safety is part of our own safety. The resultant widespread, interlocking system of security provides, as a valuable byproduct, diversified locations around the globe from which we and our allies could strike back at an aggressor if he struck any of us. Diversification, in this respect, is immensely valuable; for launching facilities limited to a single area could be wiped out by an initial assault. Also, the present system enables less expensive planes with shorter range to carry out missions which otherwise would require far more costly planes.

Thus, these expenditures serve our peace and our safety.

## Economic Aid

There remains about \$700 million to be accounted for, or about 2 percent of our total peace insurance cost. This is so-called economic aid. The primary purpose is to help newly independent nations and less developed countries to maintain their independence, as against the plotting of international communism.

As the Caracas Resolution pointed out in relation to this hemisphere, if international communism obtains control of the political institutions of any nation, that endangers peace and security elsewhere. This portion of the mutual security program offsets efforts by hostile forces to expand their power by gaining new human and material resources and new strategic locations. But it has a broader justification.

The United States has far and away the most highly developed economy of any nation in the world. Our productivity almost equals that of all the rest of the world put together.

Always the economically developed nations have helped less developed countries to develop. We were helped from Europe when we were beginning to develop this continent. That is a law of social life and we cannot violate it except at our peril.

The burden on us is lessened by the fact that a considerable part of our economic assistance goes in the form of surplus agricultural products. Also, upwards of \$200 million takes the form of repayable loans, not gifts.

The importance of this economic part of our peace insurance policy is emphasized by the fact that the Soviet Union is now pushing its own interests by means of credits extended to other countries.

The new Communist tactics make it more than ever imperative that we should continue, and perhaps enlarge, the economic phase of our mutual security program. It would indeed be ironical if we should drop out of that field just at the time when the Soviet Union is moving into it.

These programs which I have described—\$36 billion, plus \$3.3 billion, plus \$700 million—make up the grand total of about \$40 billion, which is the annual cost of our peace insurance policy. As to the \$36 billion spent on our own military establishment, there are differences of opinion as to *how* it shall be spent. But few deny that this much money should be spent. There is more controversy about the \$4 billion which is used, in ways I have described, under our mutual security program.

I should like now to answer some questions about that.

## No "Give Away"

First of all, is this a "give away" program, whereby Americans are taxed merely to aid foreigners?

Emphatically no. I hope what I have said al-

ready makes that clear. It is quite true that the mutual security money does help others. But no program can properly be labeled "give away" merely because it helps others. Often by helping others we help ourselves more effectively than we could do in any other way. That is the case with our mutual security program. It makes our freedom safer by creating an environment of freedom. The decisive reason for each item of expense is our own enlightened self-interest.

Let me be specific and emphatic on this point of motivation: not a single dollar is sought for this program for any reason other than an American reason. Our Nation has recognized, since its infancy, that liberty elsewhere was vital to our own peace and safety. When that liberty has been jeopardized by war, we have gone into war to save it. That is the most costly way to protect ourselves. We hope now to protect ourselves in less costly ways. That is the reason for our mutual security program.

#### **Not Buying Gratitude**

Is our foreign aid wasted because the recipients are not grateful enough or not subservient to our views? No, because we do not seek either gratitude or subservience. We know that gratitude can never be bought, and we do not spend taxpayers' money on the folly of such an effort. Neither do we seek or want subservience. Our policies command wide respect abroad because of their intrinsic merit. But the success of our foreign aid program is to be tested not by gratitude, not by subservience, but by whether it makes more vigorous the freedoms elsewhere that buttress the freedom of ourselves. By that test, our program works.

#### **Amounts Closely Calculated**

Another question is whether, assuming the need for a mutual security program, the amounts requested are reasonable. We believe they are reasonable. Of course no one can prove in advance that any given expenditure spells decisively the difference between increased peril and increased security, or between war and peace. If we gain security and peace, it can always be alleged that we could have got them more cheaply. And no one can prove the contrary. Only if there is failure can it be seen that we did not spend enough. But then it is too late.

I can assure you that all of us who work on the

program are patriotically striving to serve this country and to keep the expenditures down to the lowest level consistent with our national interest. Our judgments are based on farflung worldwide sources of information, which help us to judge the capability and intentions of hostile elements throughout the world and the resistant quality of friendly elements. There may be mistakes in judgment, and there is room for honest differences of opinion. But the operation is carefully conducted and reviewed by many agencies of government, and the final result, as submitted to the Congress, reflects the best judgment of the President and the National Security Council. When dealing with the peace and security of this Nation, it is risky to seek bargain-counter prices. Cut prices may not save money—except by increasing the risk of war.

#### **Is Administration Efficient?**

Again it may be asked, is this money being spent efficiently? Does our outlay for peace and safety always make the target? The answer must be that there is a certain amount of wastage. How much, I wonder, of the ammunition used in World War II hit its appointed target? Only a small percentage. But we did not on that account refuse to supply our fighting men with ammunition. A part of every program goes for naught. That is the price we pay for human frailties. We constantly strive for increased efficiency. But lack of perfect marksmanship is no reason for denying the dollar ammunition needed to win the peace.

#### **Are Local Forces Needed?**

Another question sometimes asked is, Does not the deterrent striking power of the United States make local forces unnecessary, so that their cost could be saved? Certainly our strategic power reduces the need for local forces. It would indeed be impractical to have local forces all around the orbit of the Soviet world sufficient to stop a large-scale attack wherever it might be mounted. But we cannot rely wholly on centrally located strategic power. Nations that are menaced feel an impelling need to be able to fight in their own defense. Indeed, if they did not feel that way, support from us might not be merited or effective. Also, there needs to be loyal local strength to prevent subversion backed by international communism.

The deterrent to aggression is found not only in our strategic power but in the knowledge that subversion cannot be easily achieved and that an open armed attack would be met at once by brave and competent resistance. This, when reinforced by treaty pledges of collective action, will assure consequences which no aggressor could control or limit. That knowledge is the great deterrent.

This problem of balance between the strategic power of the U.S.A. and local power is admittedly difficult. Equally difficult is the problem of balance between military and economic effort. These problems are constantly receiving the closest attention of the National Security Council. In each case, the balance is subject to adjustment in the light of changing conditions.

### Is There an End?

Finally, it will be asked, Will this cost go on forever? Can we see no end to this gigantic expenditure, totaling about \$40 billion a year, as the cost of our peace insurance policy?

The answer is that, so long as the danger persists, for so long must we pay to combat that danger.

The Soviet rulers are engaged in a gigantic effort to build up their military establishment and to extend the area of their dominance. They maintain a military establishment approximately comparable to our own and spare no cost in striving to excel us. They give military aid to Communist China and to their Eastern European satellite allies. This is measured in terms of billions of dollars. They now woo free nations by offers of credit for economic and military goods. Credits totaling nearly \$500 million have already been concluded, and several hundred more million have been offered. They devote about \$500 million a year to foreign propaganda.

The Soviet Union is spending, for military and foreign-policy purposes hostile to us, about 20 percent of the gross product of the Soviet nation. So long as this is going on, we may have to expend about 10 percent of our gross national product, as we are now doing, for peace insurance purposes.

We can do so while at the same time raising our living standards. The demonstration of that fact has had a potent influence on the international scene.

Never will a responsible administration put its faith in protestations of peace and good will that have no dependable foundation, or expose the Na-

## President Urges Congress To Restore Funds Cut From Mutual Security Program

*Following is the text of a letter from President Eisenhower to Representative Joseph W. Martin, Jr., which the latter read to the House of Representatives on June 7.<sup>1</sup>*

THE WHITE HOUSE,  
Washington, June 7, 1956.

DEAR JOE: No doubt you and other House leaders on both sides of the aisle realize full well, from our discussions in the White House and from my remarks yesterday to the press, the importance I attach to the pending mutual-security legislation. Nevertheless, to remove any possible doubt as to my feelings, I am sending you this letter. You may, if you wish, bring it to the attention of the entire House membership, so strongly do I believe that the pending issue concerns the security of our country.

Great consequences are involved in this legislation. In the present international situation, the free world can ill afford to move hesitatingly and uncertainly. The United States—the most powerful of the free nations—can afford least of all to take a backward step in this constant battle all of us are waging for a just and enduring peace.

I am deeply convinced that our Nation's security and our partnership with like-minded nations in the world will be seriously impaired by the extent of the proposed cut in the funds requested this year for the mutual-security program. I, therefore, hope most earnestly that the large majority of these funds can be restored. If we fail to do so, we must either eliminate essential programs or so reduce them as to cripple our entire effort.

I know that many conscientious people are of the opinion that there will be no serious results if a severe reduction in mutual-security funds is made at this time. Yet I personally, the Secretary of State, the Director of the International Cooperation Administration, and the Joint Chiefs of Staff are united in the conviction that the proposed cut will be hurtful to the best interests of our own people and to the well-being of our friends throughout the world. I do, therefore, urge that you and your colleagues in the Congress vigorously carry forward your efforts to restore to this legislation the funds needed to maintain the pace of our battle to win a lasting peace throughout the world.

With warm regard,

Sincerely,

DWIGHT D. EISENHOWER.

The Honorable JOSEPH W. MARTIN, JR.,  
House of Representatives,  
Washington, D.C.

<sup>1</sup>Reprinted from *Cong. Rec.* of June 7, 1956, p. 8836.

tion to being isolated in the world, or deny it the retaliatory facilities needed to deter surprise attack.

But there are signs that a new day may be dawning. The Soviet rulers now profess to renounce the doctrine that violence is a necessary part of their foreign policy. They are debasing Stalin, who for 25 years was treated as a demigod. Writings of his, which for 25 years formed the Communist creed, are now withdrawn from circulation. This year, for the first time since the Bolshevik revolution, the Christian Bible is being printed and sold in Russia. The Russian people are getting more personal security, and labor is getting increased freedom of choice.

Obviously, there is a rising demand on the part of the captive nations to have more independence and on the part of the subject people, within and without Russia, to have more freedom from fear and to enjoy more of the fruits of their labor instead of having those fruits diverted to serve policies of aggrandizement. This popular demand must be broad in scope and intense in degree. Only that can explain the extraordinary exertions being made by the Soviet rulers to make it seem that they are offering a change. Out of all of this there may come—not this year, or next year, but some year—a government which is responsive to the just aspirations of the people and which renounces expansionist goals.

Enough is happening to make us confident that if we remain strong, if we support freedom and make evident the blessings of liberty, that policy will prevail.

The time will never come when we can safely stop planning and working for peace and making sacrifices for peace. But we can see that, if we remain steadfast, the time may come when the danger will be much less and when the cost can be correspondingly reduced. Until that time is here, the clear course of patriotic duty is to hold fast that which has proved good.

## Letters of Credence

### China

The newly appointed Chinese Ambassador, Hollington K. Tong, presented his credentials to President Eisenhower on June 6. For the text of the Ambassador's remarks and the text of the President's reply, see Department of State press release 296.

## President Eisenhower's Views on Neutrality

White House press release dated June 7

*The President has authorized the following statement supplementing his informal press conference remarks of yesterday with reference to neutrality.*

Questions have been presented to the White House concerning the exact meaning of expressions in the President's press conference yesterday defending the rights of certain nations to a neutral position. He particularly referred to neutrality as a refusal to take sides in any military lineup of world powers.

It is obvious that in some countries of the world there are certain ideological, geographical, or other reasons making military alliances impractical. Such nations may declare themselves to be neutral, hoping thus to secure the support of world opinion against attack from any quarter. Neutrality does not mean either disarmament or immunity from attack. We have had historical examples of this kind of neutrality for many decades.

The President believes in the principle of collective security whereby the nations associate themselves together for each other's protection. This is the modern and enlightened way of obtaining security. The United Nations was designed to provide collective security for all. In view, however, of the veto power in the Security Council it has proved necessary to organize for collective defense under the provisions of article 51 of the charter. The United States has such collective defense arrangements with 42 other nations, and it believes that, under present conditions, these treaties represent the best and most effective means of preserving world order within the framework of the United Nations Charter. Our mutual security program is primarily designed to reinforce that world order. The President does believe that there are special conditions which justify political neutrality but that no nation has the right to be indifferent to the fate of another or, as he put it, to be "neutral as between right and wrong or decency or indecency."

The President does not believe that association for mutual security with the United States will involve any country in added danger but, on the contrary, will provide added security on the basis of mutuality and scrupulous respect for the independence of each. As the President pointed out,



the United States is not going to attack anybody; but some great powers have shown an aggressive disposition, and military association with such a power could lead to difficulties.

## Departure of President Sukarno

*The White House on June 5 made public the following exchange between President Eisenhower and Dr. Sukarno, President of the Republic of Indonesia.*

### President Eisenhower to President Sukarno

JUNE 5, 1956

DEAR MR. PRESIDENT: Your gracious and heart-warming message written on the eve of your departure from the United States reached me this morning. I am deeply gratified that you and the members of your party have enjoyed your brief visit to our shores, and I bid you farewell and God-speed with the hope that you found what you sought in America as a state of mind and as the center of an idea. The mastery of time and distance which modern science has given us makes it relatively easy for a visitor to travel among us. To find what is in men's hearts is a much more difficult task. Your message leads me to believe that you have succeeded.

You have taken something of America with you. At the same time you have left with us a feeling of friendship, warmth and sympathy, and a deeper understanding of the common hopes and aspirations shared by all mankind. By your frankness and eloquence you have given us a greater insight into the aims and aspirations of your new nation and have strengthened the ties of sympathy, respect, and understanding between our peoples.

*Assalamu 'alaikum, selamat d'jalan,*

Sincerely,

DWIGHT D. EISENHOWER

His Excellency

DR. SUKARNO

*President of the Republic of Indonesia  
c/o Indonesian Embassy  
Ottawa, Canada*

### President Sukarno to President Eisenhower

MR. PRESIDENT: When I accepted with such pleasure your invitation to visit America I sought advice on what I should bring with me and on what I might expect to find there. I discovered

that one visitor to these hospitable shores was advised in these words: "He may bring with him a feather bed, bolster, pillow, blankets, a rug and three pairs of sheets. Many households in Virginia are so well provided as to entertain a stranger with all things necessary for the inner man, yet few or none are provided for the back". That, Mr. President, was advice given to an immigrant in 1634.

I didn't follow that advice.

You have provided me with all things necessary for the inner man, the back and the mind. Your other guests and I are taking back with us much more than we brought. We are taking back a widened knowledge of your country and people; a deeper appreciation of what America means in the world. Shortly after we arrived you did me the honour of referring to me as a frontier man, a compliment which I value highly.

I have read of your frontier and the hard men who pushed it westwards until the American Nation faced the Pacific and became in fact the neighbour of Indonesia. Pioneers, explorers, men of intrepid mind and stout body, are needed the world over to push forward the frontiers of knowledge, the frontiers of liberty.

Mr. President, by your hospitality, I have seen a little of how this great nation under your guidance is attacking those problems—how man's knowledge is being increased and how the burden of hard physical labor is being reduced. We have learned much from our visit. We have gathered many impressions and those impressions will take some time to fall into a pattern.

This is certain however: We have benefited greatly from your kindness and hospitality. Apart from whatever your guest has learned, the strong ties of friendship between our peoples have been drawn closer.

President Eisenhower, the Indonesian Nation has long owed a debt of gratitude to the American Nation during our struggle for the recognition of our independence and sovereignty. The United Nations played a great and conciliatory role and the United States was foremost in the activities of the United Nations, which eventually brought peace and relief to the weary people of the Indonesian Archipelago.

Since those days you have given us technical assistance. You have sent us experts in various fields. You have helped us to defeat some of the old and evil things which hampered the develop-

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ment and progress of that reborn nation. Those things have provided a bond between us just as the fact that you are a great market for our natural wealth provides a bond between us. Those bonds are not enshrined in formal words or treaties; they exist most strongly in the friendship, the understanding, the sympathy between the two nations.

I recall from my reading of American history that William Penn once made an agreement with the Indians in a place called Shackamaxon which means "The Place of The King". In Shackamaxon under the elm trees, there William Penn and the Indians made an agreement which was not signed. They formulated perhaps the only treaty without signature and which has been forever respected. Perhaps such agreements as that

are more binding, are more real, than formal documents. I would like to think, Mr. President, that the relations between our two peoples will remain always strong, always friendly, always relations of sympathy and understanding, always relations of equal esteem.

President Eisenhower, in taking leave of you, I wish to express my personal thanks and of all your other guests for the warmth of your reception and kindness extended bountifully during our visit to your country.

Thank you, sir. Goodbye and may God keep you.

SUKARNO

THE PRESIDENT  
THE WHITE HOUSE.

## Evaluation of U.S. Economic Relations With Latin America

by Henry F. Holland

Assistant Secretary for Inter-American Affairs<sup>1</sup>

In my talk tonight I should like to analyze our economic relations with Latin America and make these points: first, a realistic evaluation of the present state of our economic relations with Latin America; second, an analysis of the present trend of those relations, with particular emphasis on the 3½ years of President Eisenhower's administration; lastly, a consideration of what we, as well as the governments and peoples of Latin America, can do to strengthen and improve our economic relations.

First, a word as to the importance to you of the area to which my remarks will relate. I do not have to be very extensive on the subject. We speak of the Republics of this hemisphere as a family, the American family of states. We feel a kinship which unites us strongly. We believe that our futures will follow a common path.

If we need to speak of economic reasons for the importance of Latin America, we can remember that the largest trade that the United States conducts with any area of the world is that which we

conduct with Latin America—larger than trade with Europe, larger than our trade with Asia, larger than our trade with any other area. Thirty percent of all imports into the United States come from Latin America. Twenty-five percent of all exports from the United States go there. Thirty-seven percent of all United States investments outside the territorial limits of our country reside in Latin America. Surely, insofar as economic factors determine the importance of an area of the world, this is to you and to me today the most important of the world. And yet its importance today in no wise represents that which surely and inevitably it will have for us in the near future. Do our peoples and our governments throughout the hemisphere understand this? I believe we are coming to do so. Such unprecedented meetings of Chiefs of State as that recently held in White Sulphur and that which will be held later this month in Panama are a measure of today's feeling. Are you aware that during the 3½ years of President Eisenhower's administration six Latin American Presidents have visited us—as many as during the 6 years preceding?

<sup>1</sup> Address made at the University of the South, Sewanee, Tenn., on June 9 (press release 304 dated June 8).

## Objective of U.S. Economic Policy in Latin America

What is the objective of our economic policy in Latin America? It is a very simple one, one dictated by what we conceive to be the legitimate best interest of the people of the United States. It is to make the most constructive, effective contribution that we can to the efforts of the governments and peoples of our sister republics to create in their territories for their people the strongest possible national economies. It is to the interest of each of you that there be to the north of us and to the south of us strong, progressive, prosperous peoples—peoples whose national economies are self-reliant and sturdy, able to withstand the shocks and strains of normal life. We think, too, that economic progress, here or abroad, means little unless it is the kind that raises the standards of life of the men, women, and children who comprise our peoples. We believe that an enterprise is not an asset to its owner or to its community or to its nation unless it pays its employees salaries that enable them to live with dignity, responsibility, and hope. Throughout this hemisphere men must look forward to better lives for their families, better homes and educations for their children. If that is the objective we have in common with the Latin American countries, how are we going about helping them achieve it?

I conceive that all contributions by the United States to economic progress in our sister republics can be divided into two categories. First, everything that puts dollars into the economy of another country. That is the essential common benefit that any foreign country derives from the United States, whether through trade, investments, loans, tourism, or grant aid. It is the common denominator by which other countries can compare the success of their economic relations with the United States. Those relations provide dollars which can be translated into capital equipment, goods for consumption, expert services—all the things that contribute to economic development and progress.

Our second contribution to economic progress abroad is to help spread through the hemisphere the technical knowledge and experience that we have all accumulated. There is little that our private enterprise and Government can do in the economic field whose significance to our sister republics cannot be measured by one of these two standards.

Let me talk first about dollars. How successful are we in supplying them to Latin America?

Again, we can measure that success in two ways. First, how many dollars does Latin America receive each year from the United States? Second, how sound and dependable are the sources from which those dollars come? We want our economic relations in this hemisphere to be the kind that will produce for our sister republics a volume of dollars that will make a real contribution to their development. We and they are very much interested in seeing that these dollars reach their destination by wholesome channels, the kind that contribute most to real progress.

Let us apply the first measure. How many dollars does Latin America derive from the United States? The figures that I shall give you are interesting. They represent dollar income from the United States alone and through all channels except military expenditures.

In 1940, fifteen years ago, Latin America received from transactions with the United States a billion dollars. This was the total received through trade, investments, tourism, loans—all nonmilitary sources of dollars. Last year Latin America received from these same sources—and from the United States—\$4,959,000,000, an increase of almost five times since 1940. That is encouraging, but how does it compare with other areas of the world? Until 1953 Western Europe received more dollars from the United States through nonmilitary channels than any other area in the world; but in that year Latin America moved into first place with the largest nonmilitary dollar income of any area of the world, \$4,441,000,000. Western Europe dropped to second place, with \$4,168,000,000. In 1954 Latin America was again first, and with a bigger dollar income of \$4,884,000,000. Once more Western Europe was in second place. In 1955 Latin America's dollar income rose again, this time \$4,959,000,000, approaching the \$5 billion mark. This time Western Europe achieved an even greater increase and closed the year with a total nonmilitary dollar income of \$5,200,000,000. For the 3 years of President Eisenhower's administration the totals are: Latin America, \$14,284,000,000; Western Europe, \$13,993,000,000. Other major areas of the world fall considerably short of these figures.

Let us consider the quality of the sources from which that income was derived. There again the facts are interesting. We believe that the soundness of a country's economic relations with the United States can be judged by the degree to which

it increases its independence of governmental sources of dollars. Every country would prefer that the sources of its dollar income be free from government control. We understand and support this desire. Therefore, we try to help other countries channel their dollar incomes more and more into private trade and investment and other sources not identified with governments.

We attribute more importance to trade than any other source of dollars. Why? I think the answer is obvious. Trade is the source of income which can be expanded more than any other. Trade is a source of dollars that renews itself year after year. Trade provides dollars on which neither interest nor dividends are paid. Trade is a self-generating source of income.

### **Increasing Private Investment**

Next, we try to increase the income of our friendly allies from private investment. Why? First, a loan draws interest whether the investment earns a profit or not. Not so with private investment. To withdraw a dividend the investor must first earn it. Second, investments, like trade, can be increased regardless of the dollar-borrowing capacity of the other country. A country, like an individual, can reach the limit of its dollar-borrowing capacity. Even then it can often receive and sustain more sound private dollar investment. Dividends on those new dollars invested are usually not a drain on the dollar reserves of the host country. They represent only a small part of the new dollars which those investments bring into the economy of the host country, dollars that would not have otherwise been there. A sound investment produces and pays a dollar dividend to the economy of the host country before it sends a dividend to its owners. Finally, private investment is important because it brings with it technical knowledge and skills, which are perhaps its most important contribution.

How does Latin America compare with other areas of the world as regards the soundness, the independence of its sources of dollars? Our most sound economic relations, judged by this standard, are those with Canada. Why? Canada receives almost as many dollars annually from the United States as all of Western Europe or as all of Latin America. Yet it receives every dollar of that income from trade and private investment. It receives no money from grant aid or government loans.

Who comes second as regards the quality of its sources of dollars? Latin America. Latin America is less dependent on United States Government aid than any other area of the world, with the single exception of Canada. Less than 8 percent of Latin America's huge dollar income is derived either from United States governmental loans or grant assistance.

Therefore we have this encouraging spectacle. As regards volume of nonmilitary dollar income, our sister republics occupy first place in the world. As regards the quality of that income, the independence of its sources, they occupy second place, with Canada in first. This means that the most stable, mature economic relations that we have anywhere in the world are those with the countries of this hemisphere.

Now let us look a bit, if you will, at today's trends. Again I would like to consider particularly the 3 years of President Eisenhower's administration.

Let us take trade first. Our trade with Latin America, as you probably know, is a \$7 billion business. Each year we buy about \$3½ billion of their goods and services. They use those dollars to buy about the same amount from us. I have already told you that this is the largest trade that we conduct with any area of the world. However, in my judgment, it can be expanded considerably.

What is the current trend? In the past 20 years the value of our imports from Latin America has increased almost seven times. They were \$500 million 20 years ago. Today the average is almost \$3½ billion, and they are still growing. 1955 was larger than 1954, and it exceeded 1953. An important feature of this import business is that 70 percent of the increase in Latin America's dollar earnings from exports to the United States comes from increases in the prices that we pay for their products. Only 30 percent comes from increased volume of exports. That is particularly significant if you consider another factor. In the past 15 years the prices of Latin America's exports to the United States have increased twice as much as the prices of her imports from us. This is a fact that is not generally known.

Now let us take a look at the trends in private investment. Our latest information indicates that United States direct private investment in Latin America is increasing at an average rate of about \$400 million a year. Its total is about \$6½ billion today, larger, as I've told you, than in any

other area of the world, 37 percent of our entire private investment abroad. I am confident that the present flow of private capital can be substantially increased.

On the whole, United States investors in Latin America have taken their places among those who are working sincerely for progress. They are currently reinvesting about half of all their profits in the local economies. On income taxes alone they pay about \$250 million a year to local governments. They account for 10 percent of all goods produced in Latin America and 30 percent of its exports to this country. Those exports produce over a billion dollars a year. Exports to other areas earn additional income in dollars and other currencies. Goods produced for local consumption save hundreds of millions of dollars which would have been spent abroad had it been necessary to import those goods. Yet their average remittance of profits to the United States is only about \$380 million.

#### Tourism

Let us take a look at tourism, another very important source of dollars, a source far more important than most of us realize. Did you know that last year United States tourists spent \$387 million in Latin America? That is a large figure, but here is another that will startle you. Of those \$387 million, \$260 million were spent in Mexico. Tourism is the biggest single source of dollars in the economy of that great country. An estimated \$107 million were spent in the West Indies and Central America, and \$20 million in South America. The estimate for Western Europe was \$427 million; that for Canada was \$308 million. Now those figures give you an indication of what the tourist business can mean in this hemisphere. If Mexico can earn \$260 million a year from United States tourists, and Canada \$308 million, what are the potentialities for the rest of the hemisphere?

Let us pass to another source of dollars for Latin America—government loans. We realize that, as important as private investors are, they are not going to furnish all the development capital our sister republics need. There are essential projects that are not attractive to private capital—roads, port works, irrigation systems, projects of that character. We have attempted generously to meet the need for the kind of development capital that is not forthcoming from private investors.

As regards local currencies our sales of agricultural reserves offer an important source of financing for both governments and private enterprise. As you know, a large part of the proceeds of sales of agricultural reserves are lent to the local governments for use in economic development. During the current fiscal year, sales for the equivalent in local currencies of \$125 million will be negotiated in Latin America.

#### Export-Import Bank

During the past 2 years we have undertaken to expand very substantially the activities of the Export-Import Bank as a source of dollar loans, particularly in the field of economic development. What has been the result of that policy?

During the 12 months before the policy was announced, the Export-Import Bank authorized new credits in Latin America of \$52 million. During the 12 months following the announcement of that policy, the Export-Import Bank authorized new credits in Latin America of \$284 million—more than five times as much as before, 58 percent of all new loans authorized. During that same year, 30 percent of all new loans authorized by the World Bank were authorized in Latin America—\$123 million.

Here is the trend in Export-Import Bank operations. During the 3-year period of President Eisenhower's administration, new credits authorized by the Export-Import Bank in Latin America have averaged \$210 million a year. In the entire previous history of the bank there has been only one year when this record was even equaled.

These are encouraging figures. But we feel that the Export-Import Bank can be playing an even more positive role in the development of Latin America. Through the bank we hope to insure that no economically sound developmental project fails for lack of access to capital from other sources to cover dollar needs. The only limit on the sound loans that the bank is willing to make in Latin America is the limit of the bank's capacity and the borrower's ability to repay in dollars. Today the bank's capacity very considerably exceeds the aggregate of all applications pending. It is prepared to receive and consider more applications than it is currently receiving for sound development projects in Latin America. That causes us concern. During the past year representatives of the bank have visited 19 Latin American countries to explain the availability of



its service. Yet during the first 5 months of the present calendar year fewer than a dozen applications for economic development projects were received. An institution which could be one of the greatest factors for economic development in the area is not being fully utilized.

Why are there so few applications for development loans? It is because sound projects are not being planned in which capital can be used. The industrialists and businessmen who comprise the private enterprise of Latin America are the best source of such projects there, just as our own are here.

I have heard of two approaches to the need for development capital. One begins with an estimate of an amount of capital which, if usefully invested, would produce a desired rate of economic growth. Usually no attempt is made to identify the project or even countries into which that amount of capital would go if it were available. The other approach begins with a search for sound developmental projects in which capital can be usefully employed. The total needs of those sound projects become the total to be invested. We feel that the second is the only sound approach.

Regardless of how much capital is available, it will contribute nothing to economic progress until it is invested in sound projects. Capital by itself cannot employ people and pay them salaries. The first move is to seek out sound developmental projects into which capital can go profitably and constructively; the second is to approach investors or lending institutions for that capital. One thing is certain: The funds of the Export-Import Bank will not produce progress anywhere so long as they remain in the bank. Even after they leave the bank, they cannot become a force for good in our hemisphere until they are converted into sound new enterprises and developmental projects that supply employment and improve standards of living. The computation in round figures of total needs of capital for the development of Latin America is a sterile exercise. The only constructive approach is to identify sound projects which, if completed, will produce economic development and then seek the capital needed to carry them out.

#### Technical Aid

Let us pass to technical aid, another important component of our economic relations. At the Rio economic conference our Government promised to strengthen and diversify United States partici-

tion in technical aid projects throughout the hemisphere. During the 3 years of President Eisenhower's administration, the average contribution of the United States to technical aid programs in Latin America has been \$27.7 million each year. Since these programs were begun in 1941, there has been only one year in which this record has been equaled. That was accounted for by our contribution in 1948 to the control of hoof-and-mouth disease in Mexico.

The last source of dollar income which we should consider is nonmilitary grant aid. Our sister republics prefer not to receive grant aid from the United States. They would rather stand on their own feet. That is consistent with the proud tradition of proud people. They would rather receive their dollars through trade, investments, and sound loans. Therefore, United States policy is to extend grant aid only where it is needed to meet temporary emergencies. During the past 3 years our average contribution in the form of grant aid within this policy has been \$36.4 million. In the preceding 20 years there has been only one year when United States grant aid in Latin America reached the level of this average figure. Again, it was in 1948 and represents our contribution to the eradication of the hoof-and-mouth disease in Mexico.

Here is a contribution which you might call grant aid and which, I think, should cause us all happiness. That is United States participation in the completion of the Inter-American Highway, which will run from the northern frontier of Mexico through Central America to the Panama Canal. Mexico completed alone the portion in her territory. Last year Congress granted the President's request for an appropriation of \$62,800,000 to complete the remainder of the highway in 3 years. This represents two-thirds of the cost of completion. The other third will be contributed by the countries involved. It will be a wonderful thing for all of us when it becomes possible to get in a car anywhere in the United States and drive to the Panama Canal.

I have tried to give you a picture of what is going on in the fields of trade, investments, loans, technical assistance, and aid. You will want to know whether from it we can draw any conclusions regarding overall economic progress in Latin America. I think we can, and they are good. Perhaps the best measure of a country's economic progress is the increase in its gross national pro-



duction—the total of all goods and services produced. The average annual increase in gross national production since the last war in Latin America has been  $5\frac{1}{2}$  percent a year. That in Western Europe has been 5 percent, in the United States 4 percent. So this great area is developing more rapidly than any other area of the world today. That should be a source of satisfaction to each of you.

Can we be complacent about this encouraging picture that we see to the south of us? Can we fold our arms and say that we and they are doing everything we should to insure the progress of our hemisphere? My answer is no. There is much for resourceful and energetic men still to do. Why do I say that? There are many answers. So long as substantial sectors in every one of our countries live in poverty and illiteracy, our job in this hemisphere is not done. Stated in these terms our task is great. But we can face it with confidence. Look at Canada. There is a country that has less than one-third of the area of Latin America and less than one-twelfth of its population. Its natural resources, large as they are, are considerably smaller than those of Latin America. Yet our trade with Canada and her total dollar income from the United States are almost as great as those of Latin America. What does that mean? It means to me that economic relations between the United States and Latin America are at the threshold of their development. When they have been developed to a degree even approaching the level of Canada, then the position of Latin America will be even more important than it is today.

#### Increasing Trade

How are we going to achieve this? There are several things that must be done. First, we must increase trade. How can we make this \$7 billion annual inter-American trade into a \$10 billion business? By buying more from Latin America. They cannot buy more from us unless they have the dollars with which to do it. They will not have those dollars unless we buy more from them. The U.S. has to increase its imports from the rest of the hemisphere. Yet, if we propose to increase our imports, we must first protect their existing level. Do you think that is easy? Let me assure you, after  $2\frac{1}{2}$  years in Washington, that it is a very hard thing to do.

Our special-interest groups are understandably anxious to reduce the access of competitive Latin

American products to U.S. markets. We must find within ourselves the courage and intelligence to resist the understandable attempts of our own special-interest groups to eliminate their Latin American competitors. The greater national interest requires that we defend the existing access of Latin American products to our markets. We know that this policy will occasionally cause some domestic business to lose new sales it would make if its foreign competitor's product were eliminated from our market. But remember that the dollars that a foreign competitor earns here are spent with other U.S. producers. There is an overall gain for our producers. It is not in the national interest to cut down our imports from Latin America when to do so hurts our own exporters as well as our sister republics.

What has been the record of our Government in defending this policy? Until the past month it was perfect. Until that time not one piece of legislation was passed during President Eisenhower's administration, not one governmental regulation was adopted, that reduced the access of one Latin American product to the market of the United States. We have fought to maintain that record. I have said that, sooner or later, we would lose some round in that fight. We have just lost one. When he signed the farm bill last week, the President pointed out how two of its provisions conflict with his policy of protecting our two-way international trade.<sup>2</sup> He expressed the hope that Congress will review and repair the shortcomings of the law. The Congress has tightened restrictions already applied on imports of long-staple cotton. This comes at a time when our domestic long-staple cotton is fully competitive with foreign growths and when our domestic consumption is rising.

The Congress has also required the Government to follow an inflexible program of cotton export sales. It would require us to sell with little regard to costs and without adequate regard for the far-reaching economic consequences which our sales may have, both at home and abroad. President Eisenhower has stated that this provision will be administered with extreme caution. Otherwise, damage could be caused to the economies of our friends and to our own export trade as a whole.

We have lost one round in the fight to protect inter-American trade. We have won a good many. The fight will go on. We are confident that, more

<sup>2</sup> BULLETIN of June 11, 1956, p. 982.

and more, our people understand that, if the United States is to be strong itself and if it is to lead a strong free world, our international trade must grow. When we limit our commerce to give an advantage to one small domestic group, we hurt the economy of the Nation as a whole. We undermine confidence abroad in our leadership.

As hard as it sometimes is to protect the existing levels of our inter-American trade, we cannot stop there. We have to increase that trade. We must not let it remain a \$7 billion business. It must grow. The way to make it grow is to increase our imports from the other Republics. Each new dollar of imports means a new dollar of exports. Three ways to increase our imports from Latin America are apparent.

First, their exporters and our importers can cooperate to increase our consumption of products which they can supply in greater volume.

Second, we can find products which we have not traditionally imported from Latin America but for which a demand exists in the United States. A recent contract to import natural gas from Mexico is an example of how our imports can be increased in this way. We have never imported gas from Mexico. There is a demand for it here, and our next-door neighbor has a surplus supply. The contract can substantially increase the dollar earnings that Mexico uses to buy our exports.

Finally, there are a number of Latin American products which our U. S. markets could absorb in greater quantity. Copper and iron ore are examples. Our governments and businessmen here and abroad are cooperating to increase production in Latin America. Increased U. S. imports will mean more dollars available in Latin America to buy our exports.

I have discussed trends in the field of private investment and have expressed the opinion that it could be increased. The most important source of new investment capital in Latin America is, as should be, their own investors. They command very substantial resources, both in dollars and in local currencies. In the United States alone these amount today to more than \$1½ billion.

Clearly, it is in the interest of every country of the hemisphere for its government to establish those local conditions that will inspire confidence in its own private investors. Unless those conditions exist, there is little hope for a strong economy. Unless local investors have confidence, foreign investors will not enter. No government

of the hemisphere, including our own, can provide more than a fraction of the development capital needed. There is little need to consider special measures to attract foreign investors if foreign investors will come. The only additional assurances they seek are nondiscriminatory treatment and a reasonable opportunity to repatriate profits.

#### Conditions To Encourage Investors

What are the conditions that encourage foreign and domestic investors alike? They are rather well known. They lie largely within the power of the local government, and they are usually achievable. Happily, they benefit the whole economy, not just investors.

First I would put the adoption of vigorous measures to combat inflation. No investor, domestic or foreign, is going to risk his capital if he fears that the value of his investment will be eroded by inflation. Over the years we have watched with admiration the courage and determination with which many of the Latin American governments have checked inflationary tendencies in their economies. Peru is a notable example. The most recent, perhaps, is that of Chile. By the application of tried and tested remedies the Government of Chile has arrested a 25-year inflationary trend. In a matter of weeks the value of the Chilean peso was brought from a low of 840 to the dollar to its present level of about 490 to the dollar.

Another great incentive to investors of every nationality is reasonable taxation. We have all seen how reasonable taxes have been an important factor in bringing over \$2 billion of investment into petroleum, mining, and other industries in Venezuela. There is no better way to measure what this has meant than to point out that the average annual income of a Venezuelan citizen is almost twice that in any of the other Republics.

The adoption of sound and reasonable tax measures is producing impressive results elsewhere in the hemisphere. About a year ago the Government of Chile revised its taxes on the production of copper. The industry immediately embarked on a \$100-million expansion program. In the same way modernization of the nitrate tax laws is producing almost \$50 million of new investment. Similar examples can be pointed out in Peru, Costa Rica, Guatemala, and other parts of the hemisphere.

Fair government regulation of utilities is another important factor in encouraging new in-

vestment. In many parts of Latin America industrial development is retarded by the inadequacy of electric power. In many states private utilities are able and willing to invest the millions of dollars needed to satisfy the increasing demand for electricity. In almost every case the first step is for the government to adopt rate regulations which will bring stability and progress to the industry. On the one hand the consumer must be assured an adequate supply of power and at reasonable prices. The company on the other hand must be sure of a fair rate on its investment; otherwise it cannot raise the capital for plant expansion. Governments have it within their power to give consumer and producer alike the assurance that he needs. Where it does so, the results are immediately apparent.

In 1949 the Government of Mexico modernized its regulations of the electrical industry to permit reasonable rate adjustments. The result has been an investment of about \$100 million throughout the country. Definitely projected investment for the years 1956-59 amounts to an additional \$81 million. Mexico City is today the only major Latin American city where there is no curtailment of electric-power consumption. It is generally anticipated that, if the present plans of the Government of Chile to revise its regulations governing the electrical industry prove successful, over \$100 million will immediately start into plant expansion.

I have said that, so far as the foreign investor is concerned, he asks for no favored treatment as an incentive to come into a country. He is, as a rule, entirely satisfied to take his place beside the local businessman in all respects. He is, however, hesitant to risk his capital in any country where foreign investors are subjected to discriminatory treatment. No one questions for a moment the sovereign right of every government to determine whether it wants foreign investors and, if so, under what conditions. At the same time we must recognize that every measure discriminating against one foreign investor is a cause for concern to every other. Each fears that, though he is not affected today, once the principle of discrimination is established it may eventually be extended to prejudice his investment.

## Government Competition

I cannot leave this summary of factors influencing investors without mentioning the one which, more than any other perhaps, determines the climate for private investment, both domestic and foreign. That is the question of government competition. No investor wants to risk his capital if there is basis for fearing that tomorrow he may find himself in competition with a government. The best possible encouragement that government can give to private enterprise is assurance that private businessmen will be given the opportunity to build strong economies without government competition. And where that assurance is given, it is only fair that the government should require private enterprise to discharge fully and fairly its social obligation to establish working conditions and terms of employment that are generous and healthful.

In these remarks I have undertaken to outline briefly the rapidly ascending curves of our economic relations with Latin America. They indicate that Latin America's position in comparison with other areas of the world is favorable. They indicate steady improvement in each of the principal sectors of our relationships—trade, investment, and loans. The conclusion seems justified that our governments and peoples have it within their power to achieve very considerable expansion of activity in each of these fields. There are dangers which could prevent this. From the side of the United States they lie in nationalistic trade restrictions to benefit special groups at the expense of the national economy. On the side of Latin America they relate to policies and programs which will determine whether the unlimited energies and resources of private enterprise, particularly their own, will flow into the innumerable opportunities for economic progress which exist there.

The one conclusion that I would leave with you is this. If our governments follow reasonably enlightened policies, if the men and women who make up our private enterprise work with a full consciousness of their responsibilities to society, then, without a shadow of doubt, we shall enter into a period of development and prosperity that will profoundly affect the lives of all of us.

## The Aircraft Industry and Foreign Trade Policy

by Thorsten V. Kalijarvi

Deputy Assistant Secretary for Economic Affairs<sup>1</sup>

The Department of State is extremely interested in particular industries—their needs, desires, and problems—for it would not be realistic for government to try to deal with policy problems apart from problems in private life. At the same time, as you of course know, we must always be governed by the best interests of the Nation as a whole as we understand them. Therefore, in reaching decisions on foreign economic policy we have to fit individual interests, claims, and points of view of specific American industries, including your own, into the broader pattern of United States foreign relations.

It has been suggested that you would like to hear about the work of the Economic Bureau of the Department of State. The “E” area, as we call it, is that part of the Department which is concerned on a continuing basis with the economic aspects of United States foreign policy. Among other things it deals with such matters as the negotiation of air transport agreements, protection of American investments abroad, the negotiation of trade agreements, the removal of foreign barriers to American exports, and the protection of copyrights and patents, to mention only a few of the many responsibilities with which we are charged.

Neither time nor normal human patience would permit even a summary of our work and operation at this time. Instead, with your permission, I should like to explore briefly some phases of foreign trade with which we are mutually concerned. I know that this will have an immediate and practical appeal to you because yours is an export industry. About one-third of your civil transport

production is sold abroad. Inevitably each of you has a special interest in the Government's foreign trade policy.

An important element in that policy is the future of the Organization for Trade Cooperation (the Orc). As a part of his program of encouraging a higher level of trade, the President has strongly recommended to the Congress the enactment of H. R. 5550, the bill which would authorize United States membership in that body.

The Organization for Trade Cooperation would be an essentially administrative body for the General Agreement on Tariffs and Trade, the trade agreement to which the United States and 34 other countries adhere. The principles of international fair trade included in the general agreement are of direct interest to the members of your industry because they provide protection against arbitrary and unnecessary restrictions on imports by other countries from the United States. Through the General Agreement on Tariffs and Trade, we have been able to obtain the substantial relaxation and elimination of numerous foreign import restrictions adversely affecting our commerce.

If the Organization for Trade Cooperation were established, we believe that it would improve the facilities which now exist in the general agreement for obtaining a review and examination of trade restrictions imposed for financial reasons. It would permit the United States to maintain and continue the substantial progress it has made in reopening world markets to American products as the world financial situation has improved. Both the Organization for Trade Cooperation and new tariff concessions, of which I shall speak in a moment, are very important in an individual as well as in an institutional sense.

<sup>1</sup> Address made before the Wings Club at New York, N.Y., on June 7 (press release 299 dated June 6).



But for you there is no more important element in foreign trade than the future the American aircraft industry faces abroad. During the past few years many of you have experienced a sharp increase in competition from the foreign producers of aircraft equipment.

That competition promises to grow. Today the United States still retains its advantageous position with regard to production capacities, methods, costs, and volume of output of aircraft of all types. There is every reason to believe that with effort the industry can continue to hold this position and to meet effectively foreign competition in foreign export markets. But, if it is to do so, it will be necessary for the industry to keep three basic rules in mind and to follow them with care and vigor.

#### **Developing the Market**

The first rule is that sales simply do not "just happen." They must be vigorously developed.

The market for aircraft, like that for many of our other products, is changing. It is not the same as it was shortly after the war. It is becoming more and more competitive as some of the European manufacturers develop transport as well as other types of aircraft and equipment that can be used by foreign airlines and foreign companies, flying schools, and the like. I am sure you agree that our manufacturers cannot afford to wait for orders but must expend vigorous efforts in securing them. The days of the order taker are numbered, and the salesman is called for. It will be necessary to station representatives abroad who are experienced not only with specifications and performance of products but who also know how to sell in foreign markets. The mere sending of printed material, specifications, and performance data is no longer enough. You have good products, and I am sure you will continue to maintain high standards. But continued sales in a highly competitive market require more of you than possession of good products.

Our principal foreign competitors have stationed representatives permanently abroad in order to promote sales. They are willing to work tactfully, slowly, and patiently with prospective purchasers, to study the prospect's needs, to explain how the equipment will work out in operation, to answer many questions, and to show a sincere interest in the prospect's equipment problems. That, in many instances, is how your competitors have managed to introduce their new aircraft in

competition with your own. Unless you put forth increased efforts, it may be expected that your competitors will succeed in placing additional aircraft in preference to yours.

It goes without saying that we in the Departments of State and Commerce will do our best to help you develop your markets. I understand our Aviation Division has close liaison with your association. We want that to continue. Reporting on matters of interest to your industry by our missions abroad is steadily improving, and special efforts will be made to continue the improvement. However, it is only fair to point out that under our system of government the identification and exploitation of potential markets abroad is basically an industry responsibility and there is a limit beyond which government should not go.

It has been said that some of the European governments give their aircraft manufacturers more favorable assistance than does the United States by providing or by guaranteeing export credits on sales of equipment. Since practices differ so widely from country to country, I am not prepared to say whether this assertion is true or not. However, I do wish to say that the assistance available through the Export-Import Bank has not been fully utilized or appreciated. I urge you to look into this matter more carefully with a view to making greater use of the Export-Import Bank. We shall be glad to help back you up as far as we can.

#### **Maintaining a Two-Way Street**

The second rule for winning foreign markets is that international trade is a two-way street. Many governments still husband their precious foreign-exchange earnings with great care. In spite of their limited amount of American dollars, these same governments are anxious that their people buy American products. This is especially true of American aircraft equipment because of its well-deserved reputation.

It is, of course, axiomatic that foreign governments cannot permit their people to buy from us unless they are also able to sell to us. It is sales here that earn dollars the American exporters seek for their products. One way in which foreign countries can earn dollars is through their own airline operations to the United States. It seems self-evident that undue restrictions on foreign airline operations in the United States can adversely affect the sale of American transport aircraft and



other American products to foreign countries.

To harmonize the interests of the air transport and aircraft industries, the United States must maintain a transport policy free of unnecessary and arbitrary restrictions.

I do not have to tell you there is much at stake. As you know, a comparison of United States exports and imports of aircraft and aircraft equipment shows a tremendous balance in our favor. In 1955 this country exported goods valued at a grand total of more than \$15.3 billion. Of these exports, shipments abroad of all aeronautical products, including military, totaled about \$728 million. Within this category of \$728 million about one-third to one-quarter consisted of civil aircraft. In 1954, 86.6 percent of the aircraft equipment used by all airlines throughout the world was of American manufacture.

This large stake of the aviation equipment industry in foreign trade is convincing proof of the need for the United States to maintain a foreign trade policy that will permit other countries to continue to buy our products. We cannot erect over-high walls around the vast American market and at the same time expect to win foreign markets.

#### **Cooperation Between Governments**

The third rule for winning foreign markets is that a high level of international trade requires international cooperation between governments. The principal means used by the United States for more than 8 years to obtain that cooperation has been its active participation in the General Agreement on Tariffs and Trade.

That is why the administration now seeks the establishment of the Organization for Trade Cooperation and congressional action on H. R. 5550. The success of the policy just enunciated is indicated by the increasing liberalization of foreign trade controls by the partners in the general agreement.

One of the most important steps in this trade liberalization program has been in the making over the past few months. Today we are announcing in Washington the detailed results of the tariff negotiations recently completed at Geneva. You will undoubtedly see stories about this in the evening papers.

These tariff negotiations led to a mutually satisfactory balance of concessions with the 21 other countries participating in the conference. In terms of the amount of trade covered, which is not

the only significant factor in judging the value of tariff concessions, the United States obtained concessions directly on \$400 million worth of our export trade. In addition, United States exports will enjoy more favorable customs treatment on a substantial volume of trade in products on which the other countries exchange concessions among themselves.

Of special interest to you will be the tariff concessions which foreign countries granted on United States exports of aviation equipment. The exports of items on which these concessions were made amounted to more than \$19 million in 1954. The United States also granted some concessions to other countries on aviation equipment. Our concessions were on items which in 1954 were imported into this country in the amount of about \$5 million.

These negotiations were carried out under the authority given to the President in the 1955 extension of the Trade Agreements Act. The successful conclusion of the negotiations is another important step toward the administration's goal of promoting a higher two-way trade between the American people and their friends abroad.

In conclusion, permit me to remark that the foreign economic policies of the United States have an immediate and personal consequence for you. The wisdom with which they are developed and pursued may determine your well-being and success. On the other side, let me also remind you that every businessman who engages in an economic enterprise abroad is in a sense an informal ambassador of the United States. On your activities in substantial measure depends the good will of other peoples toward the United States.

### **Bill Amending and Extending Sugar Act Signed**

*Statement by President Eisenhower*

White House press release dated May 29

I have today approved H.R. 7030 to amend and extend the Sugar Act of 1948, as amended, and for other purposes.

In addition to extending the Sugar Act for 4 years, the bill restores to the domestic areas the right to supply 55 percent of this country's increased requirements of sugar. The amendments also permit foreign countries to supply as much as they have been, plus 45 percent of the increases

in our requirements. These increases will be most important relatively for the countries that heretofore have been minor suppliers.

It was not considered feasible to recommend an increase in the Philippine quota at this time. I believe, therefore, that when new amendments are being prepared at the conclusion of the present act, consideration should be given to allowing the Philippines to share in increased consumption, as is now provided for other foreign countries by this bill.<sup>1</sup>

## Adjusting World Sugar Production and Consumption

*Statement by Marvin L. McLain  
Assistant Secretary of Agriculture<sup>2</sup>*

It is a privilege and a pleasure to welcome this distinguished group to the United States, and I bring you a warm welcome and the best wishes of the Secretary of Agriculture and all of his staff. You have a big job cut out for you at this conference.

I do not know how much time I can spend with you at this conference, but Mr. Earl Hughes, Administrator of the Commodity Stabilization Service of the Department of Agriculture, also plans to spend some time here; and, of course, Larry Myers, Director of our Sugar Division, whom many of you know, and members of his staff will be here continuously. Mr. Hughes and myself will be within reach should an occasion arise when we may be needed.

The United States is very much interested in the purposes and objectives of this conference. Sugar is an important commodity. We are, I guess, the largest sugar-consuming nation in the world, with an annual consumption of about 8½ million tons. However, we are also a large sugar-producing nation, producing about 2½ million tons on the United States mainland and well over 2 million tons in our other domestic areas—Hawaii, Puerto Rico, and the Virgin Islands. Altogether the domestic areas produce about 4½ million tons.

<sup>1</sup>For a statement by Assistant Secretary Holland before the Senate Finance Committee regarding H.R. 7030, see BULLETIN of Jan. 30, 1956, p. 172.

<sup>2</sup>Made before the U.N. International Sugar Conference at New York, N.Y., on May 22. Mr. McLain is U.S. representative to the conference.

The remainder of our needs, about 4 million tons, comes from foreign areas, of which Cuba and the Philippines supply by far the greater part. Our present consumption is about 103 pounds per capita, which, in light of our other sweeteners, appears to be about the saturation point, but we anticipate an increase in consumption of about 135,000 tons a year based upon our very rapidly expanding population.

We have just completed rather lengthy negotiations in amending our own Sugar Act, which was passed by the Congress just last week.<sup>3</sup>

When I think about the problem we had in trying to arrive at a fair and equitable distribution of our sugar market, I think that problem was quite parallel with the one confronting this conference in trying to adjust sugar production and sugar consumption for the world as a whole. Both of us are interested, I think, not alone in our own individual welfare but in the welfare of others and in the hope of stimulating greater commerce between nations. You might be interested in the program we have worked out, to see what kind of answers we found in our own little sphere.

## Objectives of U.S. Sugar Legislation

The United States has had special sugar legislation since the 1930's. Mr. True D. Morse, Under Secretary of Agriculture, when he appeared before the Senate Finance Committee in support of the Sugar Act amendments, stated that the fourfold objective of our specialized sugar legislation was:

1. to maintain and protect the domestic sugar-production industry,
2. to avoid undue burden on domestic consumers,
3. to increase our imports of sugar and thereby to benefit our general export trade, and
4. to insure that the benefits of the system would be passed on to farmers and laborers. . . .

These were the objectives we were trying to obtain in our deliberations. They are a great deal like the objectives of the International Sugar Agreement as stated in article 1. Certainly all of us wish to assure ample supplies of sugar at reasonable prices to consumers. Certainly all of us wish to have reasonable prices to producers. Like any other industry, all of us should be interested in expanding consumption and certainly all of us should be interested in stimulating greater commerce between nations, which should result in

<sup>3</sup>See p. 1016.

a greater degree of prosperity for everyone. In our own plan to reach these objectives we have attempted to divide, equitably, our sugar market. This was no easy job since everyone, domestic producers and foreign nations, wanted a larger share. Anyone who has ever tried to divide four pieces of candy among six children can appreciate the problem. No one got everything he wanted. It had to be a give-and-take proposition that would result in the greatest good for the greatest number.

In our program we have deliberately restricted the production in our own domestic areas in order to provide part of our market for foreign areas. This was done deliberately to stimulate export trade and to show some responsibility toward the welfare of our neighbors. We have divided the increase in consumption from here on on a basis of 55 percent to the domestic areas and 45 percent to the foreign areas. We have recognized, as you do, that some countries are quite restricted in the variety of crops that they can produce and therefore production and sale of sugar are of paramount importance to them if they are going to acquire the necessary foreign exchange to make them good customers for the commodities they need and to improve their standard of living.

I hope you will not think that we here in the United States feel that we have all the answers. We would be the first to admit that we do not. I am merely citing to you the answers we came up with in our own deliberations. You are welcome to them for whatever they are worth.

#### **Increasing World Consumption of Sugar**

I do hope, however, that in the deliberations of this conference you will not devote all of your attention to seeking a magic formula through which to manipulate quotas and prices, as the only means of adjusting production and consumption. Every successful business in the world that has reached the saturation point starts bending its efforts for a greater outlet for its product. One of your stated objectives is to increase the world consumption of sugar, which I am informed now averages about 30 pounds per capita. I fully appreciate the many factors that are involved in trying to do this job. Nevertheless, it is a challenge to the producers of sugar everywhere. Certainly, I am not competent to tell you how to do it, but I am sure that, if there is an answer, that answer will come from a gathering of world sugar experts such as are here present. This prob-

lem is probably one of education and promotion and of serious study of the various factors that are holding consumption down.

You are fortunate in that you have a commodity with a universal appetite appeal. The people in all of the low sugar-consuming nations of the world would like to have more sugar. How to get it to them, at prices they can afford to pay, is one of the problems which should receive very serious consideration here.

In conclusion, might I say I have only tried to reemphasize the importance of the objectives that you already have incorporated in your agreement, and I do hope that I have stimulated a little thinking along lines other than control measures. I think you should take advantage of this opportunity, when you have a great number of the sugar experts of the world together, to consider some of the broader objectives of what an international organization might hope to accomplish.<sup>4</sup>

#### **Eximbank Loan to Brazil**

The Export-Import Bank announced on June 5 that a \$35 million loan agreement with the Brazilian National Steel Company was signed at Washington on that day by Samuel C. Waugh, president of the Export-Import Bank, and Gen. Edmundo de Macedo Soares e Silva, president of the company. The signing puts into effect the Export-Import Bank loan authorized in February and announced by Vice President Richard M. Nixon while he was attending the inauguration of President Juscelino Kubitschek.<sup>1</sup>

The Brazilian company was founded in 1940-41 with the assistance of an Eximbank credit of \$25 million. Further credits of \$20 million and \$25 million were approved by the bank in 1943 and 1950. The new loan, which brings the total amount authorized to \$105 million, will enable the Brazilian industry to expand its operations and to continue to contribute substantially to Brazil's steady progress toward a higher standard of living.

The \$35 million will be used for the purchase in the United States of materials, equipment, and engineering services for export to Brazil.

<sup>4</sup>After consideration of possible amendments to the International Sugar Agreement and preliminary discussion of quotas, the conference on June 12 agreed to recess June 20. It is expected to reconvene in October.

<sup>1</sup>BULLETIN of Feb. 27, 1956, p. 336.

## Prospects of Foreign Disposal of Domestic Agricultural Surpluses

*The following is an excerpt from a staff study, dated October 1955, which was circulated to interested Government agencies by the Interagency Committee on Agricultural Surplus Disposal on May 22, 1956.<sup>1</sup> The study group which prepared it was headed by Ernest T. Baughman, Assistant Vice President of the Federal Reserve Bank of Chicago. In an introduction, the Interagency Committee states that the study is "a staff document, not one representing the position of the ICASD. Its conclusions correspond to the views of the Chairman of the ICASD [Clarence Francis]. It has not been approved by any agency and its conclusions and analysis do not necessarily reflect the views of the Administration."*

### CONCLUSIONS

"Special" export programs initiated or expanded in 1954-55 apparently have achieved some increase in United States exports and a further moderate increase is indicated for 1955-56. However, only in the event of widespread and repeated crop failures in important producing countries would a large enough increase in exports be achieved to make substantial reductions in current troublesome surpluses, particularly wheat, cotton, and rice in the next few years.

The best opportunities for increasing exports without risking substantial displacement of United States exports for dollars or of "usual" exports of friendly countries exist in the low-income, low-consumption areas. Agricultural surplus commodities can make an important contribution to programs designed specifically to accelerate capital development and increase consumption in such areas. Special attention should

be given, therefore, to using United States surpluses in support of investment programs, especially in the less developed countries. However, the financial return to the United States of such use of the surpluses would be small. Over the long term, an increase in productivity in the low-income areas could result in the development of expanded export markets for United States commodities. Since capital development programs require several years for completion, it would be necessary to commit supplies of surplus commodities in support of such programs for periods up to possibly 3 to 5 years.

### SUMMARY

#### The Size and Nature of Agricultural Surpluses

1. The amount of agricultural surplus commodities as reflected by Ccc [Commodity Credit Corporation] loans and inventories has increased about \$6 billion in the three years ending June 30, 1955 and may show some further increase in 1955-56. The rapid increase in surplus stocks in recent years has resulted from a volume of exports somewhat below the high level reached in earlier post-war years, high levels of price support relative to market prices, and rising output of farm commodities. Total agricultural output has tended to rise although output of certain crops has been curtailed by acreage and marketing controls.

2. Aggregate surpluses of a number of commodities available for export or other disposition outside usual domestic uses in 1955-56 are very large. Even with additional exports equivalent to 50 percent of the 1954-55 volume, it would require five years or more to liquidate the surpluses of wheat, cotton and feed grains and about four years to liquidate the surpluses of rice and tobacco. Exports normally provide outlets for only relatively small amounts of the dairy products and feed grains.

<sup>1</sup> For background on the Interagency Committee, established to coordinate activities under the Agricultural Trade Development and Assistance Act of 1954 (P. L. 480, 83d Cong.), see BULLETIN of Oct. 4, 1954, p. 498.



3. Large amounts of the less desired qualities of some commodities make the disposal of the surpluses more difficult. This applies especially to stocks of cotton, wheat and rice.

#### Trends in International Trade in Agricultural Commodities

1. The proportion of the world's agricultural output moving in international trade is now on the order of 15 percent, whereas it was about 20 percent prewar. Despite substantial increases over prewar in population and world output of agricultural commodities, and in international trade as a whole, world trade in agricultural commodities regained its prewar 1934-38 level only in 1950 and in succeeding years has shown little change. A strong move toward a greater degree of national self-sufficiency in agricultural products is evident throughout most of the world.

2. United States exports of agricultural commodities have been well above the low prewar volume throughout the postwar years and in 1954 exceeded prewar by about 50 percent. The United States in 1934-38 provided 11.5 percent of world exports of commodities. At its postwar peak in 1949, it accounted for 24 percent. In 1953-54 the percentage was 16.5. Compared with prewar, United States exports now account for larger proportions of total world exports of wheat, feed grains, rice, dairy products and edible fats and oil and oilseeds; for tobacco the proportion holds about the same as prewar; cotton is the only major surplus commodity in which the United States now supplies a smaller proportion of world exports than in prewar years.

3. United States exports of agricultural commodities have tended to decline as the amount of exports financed by aid programs has tapered off.

#### The Authorities

1. The Congress has provided a comprehensive framework of authorities to facilitate the export of agricultural surplus commodities. Export subsidies, barter, sale for foreign currencies, donations to avoid waste, and grants for famine relief and other purposes are authorized.

2. Since disposal of agricultural surpluses is not the major purpose of all of the authorities, it perhaps is inevitable that there should be some overlapping and duplication. To the extent that the authorities attempt to achieve several objectives simultaneously, and where a program may

qualify under two or more of the authorities, some confusion results. Nevertheless, the authorities do fall into somewhat of a pattern, and it does not appear that a major modification or consolidation of the authorities would help materially at this time.

#### Accomplishments Under Existing Authorities

1. Over two-fifths of United States exports of agricultural commodities in 1954-55 were aided by one or another government program. The distribution of total agricultural exports by type of program was as follows:

	Million dollars		
Exports for dollars, not aided by government sales at reduced prices <sup>1</sup>			1,800
"Special" export programs:			
Barter	125		
Sale for foreign currency, P.L. 480, Title I	63		
Sale for foreign currency, MSP Aid, Sec. 550, 402	281		
U.S. Government grants:			
MSP economic aid	175		
Donations, P.L. 439, Sec. 416	130		
Relief, P.L. 480, Title II, etc.	83	388	<sup>2</sup> 857
Subsidized exports sold for dollars, Sec. 32			36
Other subsidized exports for dollars			450
Total "special" and subsidized exports			1,343
Total agricultural exports			3,143

<sup>1</sup> Includes \$70 million of loans, largely to finance sale of cotton to Japan.

<sup>2</sup> Export subsidies incurred on about \$340 million of this total.

2. The amount of commodities included in P.L. 480, Title I agreements signed in 1954-55 and the amount of authorizations issued under Mutual Security aid programs both were substantially in excess of the amount of commodities shipped under these programs. Shipments in 1955-56 should be appreciably larger due to the completion of shipments under the previous year's agreements and the anticipated shipments of a larger proportion of current year agreements which are expected to be signed somewhat earlier than was the experience last year. Wheat, cotton and feed grains accounted for most of the exports for foreign currency under P.L. 480, Title I. Wheat and cotton accounted for the major part of sales for foreign currencies under aid programs. Tobacco, feed grains and fats and oils were also included in significant amounts.

3. Barter transactions showed a large gain as compared with only \$34 million in the previous



year. Grants pursuant to Foa economic aid programs have shown a decline each year since 1948-49. Donations "to avoid waste," under Section 416, in 1954-55 were approximately double the 1953-54 amount. Shipments for emergency relief under P.L. 480, Title II, and similar programs were materially smaller than in 1953-54 but somewhat larger than in the preceding two years.

4. Shipments pursuant to "special" export programs in 1954-55 showed a gain of about \$275 million over the 1953-54 amount. Increases were shown for all the major surplus commodities except tobacco and resulted in gains in total exports of wheat, cottonseed oil and the major dairy products—butter, cheese and dry milk. However, total exports of cotton, feed grains and rice declined despite increases in exports under special programs.

#### Obstacles to Greater Accomplishments

1. The United States exports surplus agricultural commodities under a number of programs but even if prices were made fully competitive, each is subject to certain limitations:

a. Sale for dollars is limited by the amount of dollars available to foreign purchasers, their willingness to spend dollars for agricultural commodities relative to other commodities and discrimination against commodities supplied from the dollar area;

b. Barter shipments are limited by the kinds and amounts of materials we are willing to import in exchange for surplus agricultural commodities and the willingness of foreign owners of such materials to exchange them for surplus commodities;

c. Sales for foreign currencies pursuant to Mutual Security programs are limited by the amounts of agricultural commodities which can be used effectively within the purposes of that Act;

d. Sales for foreign currencies pursuant to P.L. 480, Title I are limited somewhat by the provisions of the Act, that such sales should not displace "usual marketings of the United States" or "unduly disrupt world prices" of agricultural commodities, by the amounts of commodities countries are willing to purchase, and by the extent to which foreign currencies can be made to serve purposes acceptable to the United States;

e. Grants and gifts of agricultural commodities are limited in the first instance to the require-

ments of famine situations and relief programs, and secondly by the willingness of the United States to provide commodities on these terms.

#### Export Potential for Surplus Agricultural Commodities

1. The principal commercial foreign markets for United States agricultural commodities have been Canada, Cuba and the densely populated industrialized countries of Western Europe and Japan. Commercial exports of cotton, citrus fruits and winter vegetables to Canada should continue to show a gradual increase as population growth continues and industrial development proceeds in that country. Exports to Europe will be limited by a relatively slow rate of population growth, low income elasticity of demand for food, and strong tendencies toward a high degree of agricultural self-sufficiency. European markets and possibly the Japanese market for our surplus products will be strengthened if international programs to secure freer and less discriminatory trade are successful.

2. It will be difficult to achieve any substantial increase in exports above the rates indicated for 1955-56 to countries in which consumers already enjoy relatively high levels of consumption without incurring serious adverse reactions from other friendly countries. Possible exceptions include programs designed specifically to: maintain consumption following crop failures, achieve increased consumption by certain groups, provide more adequate inventories, support expanded livestock production in such areas.

3. Exports to low-income, low-consumption areas can be expanded above present levels, possibly by several hundred million dollars annually if the United States is willing to make the commodities available to these areas on very favorable terms, i. e., terms which will net very little financial return to the United States. Major objectives of such exports would be to increase consumption and accelerate the rate of capital investment in such areas.

4. It is possible that some amounts of wheat, cotton, tobacco and butter and other fats and oils might be disposed of to the European Soviet Bloc nations in the next year or two if such sales are determined at some future time to be consistent with U.S. foreign policy.

5. Special export programs initiated or expanded in 1954-55 are achieving some increase in

United States exports of agricultural commodities. A further moderate increase is indicated for 1955-56. Dollar exports undoubtedly are being displaced to some extent as are exports of other suppliers. It is doubtful that these programs can make any more than a gradual inroad on current surpluses unless there should be widespread crop failures in important producing countries. Programs for accelerating capital development and increasing consumption in low-income, low-consumption areas provide the best prospects for increased exports without risking displacement of United States exports for dollars or "usual" exports of friendly countries.

6. Export prospects for major surplus commodities:

*Wheat:* We probably will be able to maintain something approximating the level of exports achieved in 1954-55; we are unlikely to increase exports materially except in the event of crop failures in important producing areas and, possibly, through programs to increase stocks in some importing countries.

*Cotton:* Export prospects are uncertain. Some increase in exports can be achieved if our cotton could be priced competitively with other sources of supply. Due in part to the "umbrella effects" of the domestic support price the United States share of world exports has declined despite economic aid and surplus disposal programs.

*Rice:* A major question is whether or not Asia will again supply its own rice needs, and, if not, whether international political conditions and domestic price policy will permit the United States to supply rice to that region. In prewar years Asia was a substantial exporter of rice but in recent years has been a net importer. If Asia's production increases materially, United States exports to that area will probably decline and offset any possible increases in exports to other parts of the world. United States prices will have to be competitive with prices in other surplus-producing areas if the current level of exports is to be maintained.

*Tobacco:* Exports are expected to show a substantial increase in 1955-56 as shipments under special export programs rise. Commercial exports may decline if prices are maintained at current levels, production in other areas continues to expand, and import restrictions continue to severely limit trade.

*Fats, oils and oilseeds:* The long-term outlook

for world demand and United States exports of cottonseed and soybean oil and of soybeans is considered good. It will be very difficult and perhaps impossible to develop a substantial export market for butter in the next few years. Exports of lard probably can be increased but the commodity is expected to be available domestically in large supply.

*Cheese and dry milk:* The United States has been an important exporter of dairy products only in periods of abnormal supply or demand. Exports in recent years have been largely as a result of donations for distribution to low-income consumers and for special uses outside commercial channels. It will be very difficult if not impossible to develop a substantial commercial export market for cheese and the prospects for dry milk are uncertain.

## POLICY ISSUES

1. Should the United States attempt to make a maximum use of agricultural surpluses to raise consumption and accelerate capital development in low-income areas? It would be possible to increase exports under such a program without incurring serious displacement of commercial exports for the United States and other friendly countries. If such a policy is adopted, careful consideration should be given to (1) the desirability of authorizing commitments of agricultural surpluses under such programs up to periods of three to five years and (2) to specifying in the legislative authority that the use of surpluses for this purpose is one of the major objectives of agricultural surplus disposal programs especially as it pertains to resource development in low-income countries. The programs should be handled primarily on the basis of sale for local currencies with most of the currency made available to the recipient country as grants or loans for use in specified capital development projects which clearly would accelerate investment and increase income and consumption. Little would be gained unless investment was in fact accelerated. It should be recognized at the outset that the immediate financial return to the United States would be small. Over a period of years the increased production capacity could result in the development of some additional commercial export markets for United States goods.

2. Should exports to Soviet Bloc countries be

expanded? A potential market for some additional amount of agricultural surplus commodities apparently exists in the European Soviet Bloc countries, if the commodities are offered at world prices. Present legislation permits exports of government stocks through barter to friendly nations only. As a result, sales for dollars have also been withheld as not being in line with the declared policy of Congress. Opportunities clearly in the interests of the U.S. may develop in the future to sell or barter to countries excluded by this legislation. Therefore, consideration might be given to modifications in legislative authority to permit the President to exploit at his discretion such opportunities as may be deemed appropriate.

3. Should export subsidies be used to increase exports of additional amounts of surplus agricultural commodities? Subsidies have proved effective in bridging the gap between supported domestic prices and world prices of wheat, which is exported in large volume and for which there is an international agreement, and a number of other commodities exported in relatively small amounts. Subsidies for commodities exported in large volume incur high costs to the Treasury. If used to obtain more than the "customary" share of markets normally served or to export substantial amounts to other than usual markets, subsidies are likely to incur retaliation by other countries. Subsidies have been used also to offset the effects of discriminatory trade restrictions imposed against United States exports.

4. Should barter programs be expanded? If procurement of strategic materials for the stockpile or Ccc inventory were to be expanded or if procurement of other materials and services were confined to barter to the maximum extent possible, barter programs could be expanded and probably would result in some moderate additional export of agricultural surplus commodities. However, barter transactions in which the government provides the commodities to be exported and provides the market for the commodities imported are almost certain to tend toward bilateralism if long continued. This represents a trading practice which the United States generally has opposed in principle and which may work to our disadvantage if used more generally by other countries. An important policy question, therefore, is whether we should encourage a more widespread use of this practice for purposes of agricultural surplus disposal.

5. What policy *re* use of foreign currency? Making effective use of the foreign currency generated under P.L. 480, Title I will become an increasingly important consideration as shipments under that program are continued. Sales for foreign currencies necessarily have the effect of grants or loans until such time that the currencies can be substituted for dollar expenditures or converted into dollars. Only then is it possible to make financial recovery for the United States. Usually sales are quite limited if we insist on use of the currency in lieu of dollar expenditures and much less limited if the currency is loaned or granted to the agreement country. Thus, planned uses of foreign currencies offset the volume and terms of sales. Those currencies allocated for use by the United States in lieu of dollar expenditures must be used to the maximum extent practicable by Departments which can use them effectively if a maximum financial return is to be realized.

6. Aid to shipping or maximum export of surpluses? The legislative requirement that at least 50 percent of surplus commodities disposed of pursuant to P.L. 480 be shipped in United States bottoms has, in certain instances, inhibited the disposal of surplus commodities under this Act.

7. Cooperation vs. competition? Considering the large amount of our surpluses and the tremendous financial strength of the United States, it is not surprising that friendly countries have expressed concern about our intentions to boost exports of agricultural surplus commodities and about the possible effects of "special" export programs on world markets and on their country's exports. Since it is a policy of the United States to give due consideration to usual exports of friendly countries in developing agreements with importing countries and to avoid undue disruption of world prices, it would appear advisable for the United States and interested friendly countries to keep each other mutually informed on general trade policies and objectives. Joint discussion of international trade developments and prospects among representatives of countries vitally interested in particular commodities important to the United States may prove helpful in promoting mutual understanding of trade problems and minimizing friction between friendly but competing exporters.

8. What alternatives? Since foreign disposal does not appear to offer outlets adequate for the

disposition of current surpluses of agricultural commodities in the next few years, the situation strongly suggests that domestic production, price support and sales policies be carefully reviewed. It would appear that current output of supported commodities should be brought within the bounds of prospective dispositions; that all opportunities for decreasing production and marketing costs as well as for increasing domestic utilization be thoroughly explored; that legislative provisions that prohibit domestic sales except at levels materially above current prices should be reexamined; and that rigid domestic support prices for some commodities that cause the United States to be a residual supplier to world markets should be adjusted. The United States need not make the adjustments alone. Policies which result in competitive prices and permit substantial supplies to move readily into export markets will bring pressures on other countries, both importers and exporters, to share in the needed adjustments. Further success in efforts to achieve currency convertibility, reduce trade barriers and eliminate discriminatory trading practices will have a similar effect.<sup>2</sup>

## Visa Applications Cut Off for Certain Escapees

Press release 298 dated June 6

In view of the large number of applications for visas under section 4(a) (3) of the Refugee Relief Act which have been received from escapees residing within the European continental limits of the NATO countries and in Turkey, Sweden, and Iran, the Department of State announced on June 6 that it would not accept new applications for such visas after June 11, 1956. The Refugee Relief Act allotted 10,000 visas for such escapees. As of June 1, 6,288 visas had been issued and more than 10,000 applications covered by assurances were on file

<sup>2</sup> The remaining sections of the staff study are entitled: "The Size and Nature of Agricultural Surpluses," "Trends in International Trade in Agricultural Commodities," "Nature and Purpose of Existing Authorities and Programs for Disposal of Agricultural Surpluses Abroad," "Accomplishments Under Existing Authorities," "Barriers or Limitations on Greater Accomplishments," and "Export Potential for Surplus Agricultural Commodities." Also included are three supplements dealing with wheat, cotton, and rice.

in the Department for the remaining 3,712 visas.

In making this announcement, Pierce J. Gerety, Deputy Administrator of the Bureau of Security and Consular Affairs for Refugee Programs, emphasized that:

(1) The cutoff of applications does not apply to escapees residing in Germany and Austria, for whom section 4(a) (2) of the Refugee Relief Act allots 35,000 visas. Of this allotment only 10,210 visas had been issued by June 1 but, because of the limitations contained in the act, these visas cannot be used for escapees residing in other countries.

(2) Many of the escapees potentially eligible under 4(a) (3) are also registered with the United States Escapee Program. The United States Escapee Program, which is also under the supervision of Mr. Gerety, will continue its efforts to effect the successful resettlement of escapees in countries throughout the free world or to work out a local solution for those who prove unable to emigrate.

(3) Although applications for visas under section 4(a) (3) of the Refugee Relief Act will no longer be available, a limited number of visas will continue to be available for escapees under the regular quotas of the Immigration and Naturalization Act.

## Congressional Documents Relating to Foreign Policy

### 84th Congress, 2d Session

Departments of State, Justice, the Judiciary, and Related Agencies Appropriations, 1957. Hearings before the subcommittee of the Senate Committee on Appropriations on H.R. 10721. January 12-May 16, 1956. 713 pp.

Organization for Trade Cooperation. Hearings before the House Committee on Ways and Means on H.R. 5550, a bill to amend the Tariff Act of 1930 with respect to the administration of the General Agreement on Tariffs and Trade. March 1-16, 1956. 1444 pp.

Mutual Security Act of 1956. Hearings before the House Committee on Foreign Affairs on H.R. 10082, a bill to amend further the Mutual Security Act of 1954, as amended, and for other purposes. March 20-May 10, 1956. 1094 pp.

Report on the Operations of the Department of State under Public Law 584. H. Doc. 374, March 30, 1956. 105 pp.

Extension of Export Control Act of 1949. Hearings before a subcommittee of the Senate Committee on Banking and Currency on S. 3238, a bill to provide for continuation of authority for regulation of exports, and for other purposes. April 19 and 30, 1956. 148 pp.

Suspension of Duties and Import Taxes on Metal Scrap. Report to accompany H. R. 8636. H. Rept. 2107, May 3, 1956. 4 pp.

Amending the United States Information and Educational Exchange Act of 1948. Report to accompany H. R. 9606. H. Rept. 2110, May 3, 1956. 5 pp.



## U.N. Security Council Continues Secretary-General's Role in Palestine Question

*Following are texts of statements made in the Security Council by Henry Cabot Lodge, Jr., U.S. Representative to the United Nations, and by James J. Wadsworth, Deputy U.S. Representative, together with the Security Council's resolution of June 4 requesting Secretary-General Dag Hammarskjöld to continue his good offices in connection with the Palestine question.*

### STATEMENT BY AMBASSADOR LODGE, MAY 29

U.S./U.N. press release 2414

The United States supports the resolution now before the Council sponsored by the United Kingdom,<sup>1</sup> and we do so because we think it is the logical outgrowth of the Security Council's resolution of April 4<sup>2</sup> and of the mission undertaken by the Secretary-General pursuant to that resolution—a mission which we think has done much good.

The resolution of April 4 was adopted unanimously. There was at that time an ominous drift toward hostilities in Palestine. Prompt action was required. To halt this drift and to restore tranquility in the area the Secretary-General was requested as a matter of urgency to undertake his mission to the Near East. In this the Secretary-General has, we think, met with significant success. Conditions in the area are measurably different from what they were on April 4. Dangerous tensions have been reduced, and the prospect for full and effective operation of the armistice machinery is good.

As the sponsor of the resolution of April 4, which requested the Secretary-General to undertake his mission, the United States continually

emphasized the importance of full compliance with the armistice agreements as the essential first step in restoring peaceful conditions in the Near East. We stated on March 26 that:<sup>3</sup>

in the first instance United Nations efforts should be concentrated on full compliance with the armistice agreements by Israel and the Arab States and on the carrying out in detail of the Security Council's resolutions of 30 March 1955, 8 September 1955, and 19 January 1956.

I went on to say that:

we therefore propose in the draft resolution before the Council that the Secretary-General undertake as a matter of urgency discussions with the parties and the Chief of Staff of the Truce Supervision Organization, General Burns, to find ways and means to put these resolutions and the proposals which they embody into immediate effect.

Then on Wednesday, March 28, I summarized the United States position this way:<sup>4</sup>

We wanted two things: To act promptly in the face of a gravely worsening situation, and, in acting promptly, to indicate, with the Security Council's endorsement, certain steps which the Secretary-General and the parties might take to carry out the provisions of the armistice agreements. These are not new purposes; the unanimous resolutions of the Security Council, to which our draft resolution refers, likewise had as their purpose the effective functioning of the armistice. That is our sole purpose. Surely no one would deny that, unless the armistice agreements can be effectively carried out, a grave threat to the peace may result.

I mention those two quotations, Mr. President, because I think it will help us to see clearly where we are going if we have clearly in mind what it was that we thought when we undertook this present program.

Now, this remains the United States position. The Secretary-General's mission pursuant to the

<sup>1</sup> U.N. doc. S/3600/Rev. 1.

<sup>2</sup> BULLETIN of Apr. 16, 1956, p. 628.

<sup>3</sup> *Ibid.*, p. 628.

<sup>4</sup> *Ibid.*, p. 629.

resolution of April 4 has contributed greatly to the effective functioning of the armistice agreements and has thus diminished appreciably the likelihood of a threat to the peace in the area.

The report of the Secretary-General<sup>5</sup> shows that progress can be made toward the full functioning of the armistice agreements. Much has been accomplished of a practical nature along the lines of the measures previously proposed by the Chief of Staff and endorsed by the Security Council. The speedy carrying out of the proposal so far agreed upon will provide the basis for extending agreement on remaining practical measures proposed to the parties, thus solidifying the gains already made.

Now, Mr. President, the resolution sponsored by the representative of the United Kingdom has a basic purpose, which is to emphasize the Security Council's wish that (1) the agreements already arrived at are speedily put into effect and (2) that remaining measures called for in the Security Council's resolutions not yet fully agreed upon are adopted without delay. I think that is an accurate summation.

And it remains true today, as it did in April, that the practical measures which the Council has endorsed are the key to the full functioning of the armistice agreements and to peaceful conditions in the area. Where they have been agreed upon, therefore, there should be no delay in putting them fully into effect. Where they are still to be agreed upon, we hope to see the continuation of the Secretary-General's efforts to reach such agreement.

A prime feature in all these arrangements is that of freedom of movement for the United Nations Truce Supervision Observers. If they are to perform their task effectively, they must be given ready access to the area along the armistice demarcation lines, to the demilitarized zones, and the defensive areas as defined in the armistice agreements. The United Nations observers will thus be in a position to be the very eyes and ears of the United Nations Security Council and should be a strong deterrent to any possible aggressive action from any source.

Another important aspect of the draft resolution sponsored by the United Kingdom is the provision in operative paragraph 5 that, in carrying out his observation of the cease-fire, pursuant to the Security Council resolution of 11 August 1949,

<sup>5</sup> U.N. doc. S/3596 dated May 9.

the Chief of Staff of the Truce Supervision Organization should report to the Security Council whenever any action undertaken by one party to the armistice agreement constitutes a serious violation of that agreement or of the cease-fire which in his opinion requires immediate consideration by the Security Council. And this, too, should be a strong deterrent to any possible aggressive action from any quarter, and this too has the full support of the United States.

Thus the task before the Security Council today is to consolidate the gains made by the Secretary-General in the agreement he has reached with the parties to prevent a recurrence of a situation such as prevailed earlier in the year. It seems fitting—in fact, it seems wise—to call upon the Secretary-General to make further efforts with the parties to that end.

If the Security Council agrees, as I am confident that it will, that the Secretary-General should continue to act in its behalf in accordance with the resolutions previously adopted, we will all be able to feel renewed confidence in the prospect of a peaceful solution of the Palestine problem in full accord with the principles and purposes of the United Nations Charter.

#### **STATEMENT BY AMBASSADOR WADSWORTH, JUNE 1**

U.S./U.N. press release 2415

In the statements we have heard from representatives of the parties to the various armistice agreements and from some members of this Council, certain misgivings have been expressed, with varying degrees of concern, relating to four paragraphs of the United Kingdom draft resolution: the sixth paragraph of the preamble, the third operative paragraph, the fourth operative paragraph, and the seventh operative paragraph.

With respect to the sixth paragraph of the preamble,<sup>6</sup> concern has been expressed that the reference to conditions for a peaceful settlement "on a mutually acceptable basis" derogates from past resolutions of the United Nations on the Palestine question and thus is meant to encourage a settlement which disregards the expressed views of the majority of the United Nations.

<sup>6</sup> "Conscious of the need to create conditions in which a peaceful settlement on a mutually acceptable basis of the dispute between the parties can be made;"

With respect to the third operative paragraph,<sup>7</sup> the question has been raised as to the reason for the inclusion of certain words not appearing in the comparable paragraph in the resolution of April 4, these words in question being "in all areas."

With respect to the fourth operative paragraph,<sup>8</sup> concern has been expressed similar to that concerning the sixth preambular paragraph.

With respect to the seventh operative paragraph,<sup>9</sup> it has been suggested that the request of the Secretary-General to continue his good offices with the parties should be made more precise to make it clear that it is intended that the Secretary-General's efforts should be within the framework of the resolution of April 4.

Mr. President, it was a matter of great satisfaction to the United States delegation that its initiative embodied in the resolution of April 4 met with such general approval and resulted in the successful mission of the Secretary-General to the Near East. It is a matter of continuing gratification to us that in the present debate general approval of the resolution of April 4 and of the results achieved by the Secretary-General has again been expressed.

It seems pertinent, therefore, Mr. President, in connection with the questions raised in this debate, for me to recall the statement of the United States representative here last Tuesday [May 29]. Mr. Lodge said at that time that the United Kingdom draft resolution was the logical outgrowth of the resolution of April 4 and of the Secretary-General's mission pursuant to that resolution. In that connection he recalled what it was the United States, as sponsor of the resolution of April 4, had hoped to accomplish and referred to his earlier statements before the Council. He pointed out on Tuesday, in quoting from his earlier statements,

<sup>7</sup>"3. Declares that full freedom of movement of United Nations observers must be respected in all areas along the Armistice Demarcation Lines, in the Demilitarized Zones and in the Defensive Areas as defined in the Armistice Agreements, to enable them to fulfil their functions;"

<sup>8</sup>"4. Endorses the Secretary-General's view that the re-establishment of full compliance with the Armistice Agreements represents a stage which has to be passed in order to make progress possible on the main issues between the parties;"

<sup>9</sup>"7. Requests the Secretary-General to continue his good offices with the parties, and to report to the Security Council as appropriate."

that he did so because he felt that this would help to see clearly where we were going if we had clearly in mind what it was we thought when we undertook the present program. He reiterated that the position of the United States remains unchanged.

I should like to state again today, Mr. President, that the United States position remains unchanged and that we regret that some concern has arisen over what may have been a misconception of the purpose of some of the language contained in the present draft resolution. I feel sure that our view of the present draft resolution, namely that it is fully in accord with and consistent with the resolution of April 4, is also the view of the sponsor of the resolution, the distinguished representative of the United Kingdom [Sir Pierson Dixon]. It seems to me that he has made this quite clear today. The reference in the draft resolution to the need for conditions in which a peaceful settlement on a mutually acceptable basis can be made seems to us to state the obvious. Any agreed solution, that is, agreed between the parties, in contrast to an imposed solution, is bound to be one which is "mutually acceptable." This certainly does not mean in our view that the Security Council is by its actions derogating from the authority and validity of resolutions of the General Assembly. The emphasis in this sixth preambular paragraph is on the necessity for conditions which would be propitious for a settlement of outstanding problems. The conditions with which this Council is concerned are the same conditions with which we were concerned when we adopted the resolution of April 4. Those conditions are the absence of incidents, the reduction of tensions, and the full operation of the armistice machinery. These are the things which we around this table have been seeking to establish.

Now the reference to all areas along the armistice demarcation lines in the third operative paragraph is, in the opinion of the U.S. delegation, merely for purposes of emphasis. By referring to all areas along the armistice demarcation lines we would be taking note of the fact that so far freedom of movement in these areas is not fully unrestricted. The representative of the United Kingdom has, however, amended his draft resolution by taking out those words in order to dispel any further concern on this point.

The reference to the continuation of the Secretary-General's good offices with the parties in

the seventh and last operative paragraph means, in our opinion, simply the continuation of those efforts which the Secretary-General has already undertaken on behalf of the Security Council pursuant to the resolution of April 4. Again, however, the representative of the United Kingdom has amended his draft resolution to make this crystal clear.

Mr. President, I hope that this explanation of the understanding of the United States concerning the draft resolution will reinforce the statements already made here by the representative of the United Kingdom and that the concern which some of the parties have expressed on the matters I have mentioned will be dispelled. It is in the light of this understanding of the draft resolution that we have welcomed the initiative of the United Kingdom and that we fully support the draft resolution as amended.

#### STATEMENT BY AMBASSADOR WADSWORTH, JUNE 4

U.S./U.N. press release 2416

The United States delegation will vote in favor of the United Kingdom resolution as further amended by the deletion of the sixth preambular paragraph and the consequential change in the seventh preambular paragraph.

As I explained last Friday, my delegation feels that the paragraph in question does not derogate from the resolutions of the General Assembly, that it merely states the obvious, and that the fears expressed concerning it are not justified. For that reason we have a certain amount of regret that it has been found necessary to delete the paragraph. However, Mr. President, the amended resolution remains an important step toward solidifying the gains made as a result of the Secretary-General's mission in spite of the differences of opinion that have arisen here.

We sincerely trust that the unanimity which we hope will now be achieved by the Security Council on this matter will be translated into further co-operative action in the area and will continue to develop the conditions for which we have been working from the beginning.

If the Security Council agrees, as I am now sure that it will, that the Secretary-General should continue to act in its behalf in accordance with the resolutions previously adopted, we will all be able to feel renewed confidence in the prospect of a

peaceful solution of the Palestine problem in full accord with the principles and purposes of the United Nations Charter.

#### TEXT OF RESOLUTION<sup>10</sup>

U.N. doc. S/3605

*The Security Council,*

*Recalling its resolutions of 4 April 1956 (S/3575) and 11 August 1949 (S/1376-II);*

*Having received the report of the Secretary-General on his recent mission on behalf of the Security Council (S/3596);*

*Noting those passages of the report (Section III and Annexes I-IV) which refer to the assurances given to the Secretary-General by all the parties to the Armistice Agreements unconditionally to observe the cease-fire;*

*Noting also that progress has been made towards the adoption of the specific measures set out in the third operative paragraph of the Security Council's resolution of 4 April 1956;*

*Noting, however, that full compliance with the General Armistice Agreements and with the Council's resolutions of 30 March 1955, 8 September 1955 and 19 January 1956, is not yet effected, and that the measures called for in the third operative paragraph of its resolution of 4 April 1956 have been neither completely agreed upon nor put fully into effect;*

*Believing that further progress should now be made in consolidating the gains resulting from the Secretary-General's mission and towards full implementation by the parties of the Armistice Agreements;*

*1. Commends the Secretary-General and the parties on the progress already achieved;*

*2. Declares that the parties to the Armistice Agreements should speedily carry out the measures already agreed upon with the Secretary-General, and should cooperate with the Secretary-General and the Chief of Staff of the Truce Supervision Organization to put into effect their further practical proposals, pursuant to the resolution of 4 April, with a view to full implementation of that resolution and full compliance with the Armistice Agreements;*

*3. Declares that full freedom of movement of United Nations observers must be respected along the Armistice Demarcation Lines, in the Demilitarized Zones and in the Defensive Areas, as defined in the Armistice Agreements, to enable them to fulfil their functions;*

*4. Endorses the Secretary-General's view that the re-establishment of full compliance with the Armistice Agreements represents a stage which has to be passed in order to make progress possible on the main issues between the parties;*

*5. Requests the Chief of Staff to continue to carry out his observation of the cease-fire pursuant to the Security Council's resolution of 11 August 1949 and to report to the Security Council whenever any action undertaken by one party to an Armistice Agreement constitutes a serious violation of that Agreement or of the cease-fire,*

<sup>10</sup> Adopted unanimously on June 4.



which in his opinion requires immediate consideration by the Security Council;

6. *Calls* upon the parties to the Armistice Agreements to take the steps necessary to carry out this resolution, thereby increasing confidence and demonstrating their wish for peaceful conditions;

7. *Requests* the Secretary-General to continue his good offices with the parties, with a view to full implementation of the Council's resolution of 4 April 1956 and full compliance with the Armistice Agreements, and to report to the Security Council as appropriate.

## Cooperating To Solve Western Hemisphere Travel Problems

### SIXTH INTER-AMERICAN TRAVEL CONGRESS SAN JOSÉ, COSTA RICA, APRIL 14-21, 1956

by H. H. Kelly

Since 1939, a series of Inter-American Travel Congresses has been held under the auspices of the Organization of American States. These official conferences were useful in focusing attention upon the many problems involved in the development of international travel in the Western Hemisphere, but observers noted a lack of continuity between the periodic meetings and therefore a lesser accomplishment of effective results than had been hoped for.

In 1954, at the Fifth Congress at Panamá, agreement was reached upon a new and improved form of organization, with a Permanent Executive Committee and four technical committees designed to insure careful study of travel problems in the intervals between the periodic congresses and the preparation of detailed reports and recommendations.

This effective forward planning came to fruition at the Sixth Inter-American Travel Congress held at San José, Costa Rica, April 14-21, 1956. All of the optimistic expectations for a new and aggressive attack upon travel problems in the Western Hemisphere, with close cooperation be-

tween government and private industry, were fully justified at San José. The present report summarizes the principal accomplishments of the meeting and indicates the future lines of work which are now definitely mapped.

#### Agenda

The agenda for the San José meeting was built largely upon the recent energetic work of the Permanent Executive Committee and the four technical committees. These committees were concerned respectively with research and organization, facilitation, travel plant (physical facilities for tourists), and promotion. In addition, there was a chapter in the agenda on policy and planning. The San José Congress was organized with working sessions on each of these five main topics, and the various delegations participated in discussions of many detailed items under each of them.

The Executive Committee and all of the technical committees had held meetings in preparation for the San José Congress,<sup>1</sup> and their reports supplied the basis for practical discussions. In fact, the entire body of documentation for the Congress, prepared by the Permanent Secretariat in the Pan American Union, Washington, D. C., was the most comprehensive ever available at a meet-

• Mr. Kelly, who is Director of the International Travel Division, U.S. Department of Commerce, was chairman of the U.S. delegation to the Sixth Inter-American Travel Congress.

<sup>1</sup> For an account of the meeting of the Technical Committee on Travel Plant at Washington in December 1955, see BULLETIN of Feb. 6, 1956, p. 223.

ing of this kind and contributed in essential measure to the success of the Congress.

### Participation

Nineteen of the 21 American Republics were represented by official delegations at San José. The total number of government delegates registered was approximately 90. Special observers were also in attendance from the United Nations, Inter-American Hotel Association, Inter-American Radio Association, Inter-American Council of Commerce and Production, Inter-American Federation of Automobile Clubs, International Air Transport Association, and International Road Federation. In addition, observers were registered from more than 40 industrial and commercial associations and companies.

The 19 countries represented by official delegations (only Paraguay and Venezuela being absent) were: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Peru, United States, and Uruguay.

### U.S. Delegation

The U.S. delegation, which in itself typified the close cooperation existing between government and private industry in this field, was composed of the following persons:

Henry H. Kelly, *Chairman*, Special Assistant on International Travel, Bureau of Foreign Commerce, U.S. Department of Commerce

Charles P. Nolan, *Vice Chairman*, Officer in Charge, Transportation and Communications, Office of Regional American Affairs, Department of State

Malcolm C. Hope, Chief, General Engineering Program, Division of Sanitary Engineering Services, U.S. Public Health Service

William F. McGrath, Executive Vice President, American Society of Travel Agents, New York, N. Y.

Godfrey Macdonald, Vice President, Grace Lines, Inc., for the American Merchant Marine Institute, New York, N. Y.

Parks B. Pedrick, Vice President, Mississippi Shipping Co., for the American Merchant Marine Institute, Inc., New York, N.Y.

Norman J. Phillion, Air Transport Association of America, Washington, D.C.

Dr. Knud Stowman, Special Consultant, Division of Sanitation, Bureau of State Services, U.S. Public Health Service

Each member of the U.S. delegation was assigned to one or more of the working committees,

and in this manner the U.S. position for the Congress, prepared in advance at Washington with clearances by the Interdepartmental Committee on Foreign Travel, was ably presented and the delegation's instructions were fully carried out.

### Organization of Conference

All preparations for the meeting were handled by an organizing committee of Costa Rican Government officials and consultants. The chairman of the Congress was Mario A. Esquivel, Minister of Foreign Affairs of Costa Rica, and the secretary general was Mario Hernandez, member of the Board of Directors, Costa Rican Institute of Tourism. The Permanent Secretary of the Inter-American Travel Congresses, Francisco J. Hernandez of the Pan American Union, also played an important part in the conduct of the meeting.

At the inaugural session on April 14, a notable address on the broad economic and social aspects of travel development was made by the President of Costa Rica, José Figueres. Speaking only from notes, the President of the Republic gave his address alternately in Spanish and faultless English. The content of his remarks, in the opinion of many of those present, will be of permanent value in this field.

Sessions of the working committees began on April 14 and continued through the following week. Plenary sessions were held to consolidate and approve the work of the committees. The closing session was held on April 21, with the ceremony of signature of the Final Act containing all of the resolutions adopted.

### Conclusions

The Final Act of the San José Congress contains 57 resolutions, all adopted unanimously. They cover the entire field of travel development in the Western Hemisphere and establish a pattern of constructive operation which will be of value not only in that area but throughout the world.

The following is a summary of the principal resolutions which were adopted by the Congress and which will be transmitted to the Governments of the American Republics for action.

*Chapter I—Policy and Planning:* The Council of the Organization of American States was requested to approve an increase in the membership of the Permanent Executive Committee from five to seven, in order to insure fuller representation in this important steering body. The new member-

ship would include the present five members—Argentina, Costa Rica, Mexico, Peru, and the United States—with the addition of Panama and Uruguay. A similar request was made regarding recognition of regional congresses of tourism, a new chapter on which is to be inserted in the organization plan of the congress.

Negotiations were authorized with the International Union of Official Travel Organizations, whose headquarters is at Geneva, Switzerland, to ascertain if an official relationship could be established on the basis of a single collective membership for the official travel offices of the American Republics. This question will probably be discussed with IUOTO at its next annual assembly at Vienna in October 1956.

Montevideo, Uruguay, was designated as the site of the Seventh Inter-American Travel Congress in 1958. Cuba also made a strong bid for the 1958 meeting, but, when preference was shown by a large majority for Uruguay, the decision was made to have the Permanent Executive Committee hold one of its early sessions in Habana. The membership of the four technical committees was continued as at present, with all of the 21 American Republics holding representation on one or more. Chairmanship of these committees is as follows: Research and Organization, Peru; Elimination of Travel Barriers, Argentina; Travel Plant, United States; Promotion, Mexico.

*Chapter II—Research and Organization:* The Permanent Executive Committee was charged with studying present governmental methods of compiling statistics on tourism, with the objective of preparing recommendations for clarification and greater uniformity. Cooperation with the Inter-American Statistical Institute and the Statistical Commission of the United Nations was indicated as desirable. The importance of accurate definitions was emphasized.

The Permanent Executive Committee was charged with studying the structure and functions of the national tourist offices in America, and also those of nonprofit organizations, with special reference to methods of obtaining full cooperation. Recommendation was made that the governments establish national tourist offices, where these do not already exist, and that these offices consult with private industry in order to obtain needed coordination in travel development.

The Permanent Executive Committee was charged with making an investigation of means of exchanging technical personnel in the travel field.

The Congress defined the objectives of "tourist education" in America and recommended inclusion of appropriate instruction in primary, secondary, college, and professional courses.

The Permanent Secretariat was requested to assemble a bibliography of scientific and technical studies on tourism and to ask the Columbus Commemorative Library of the Pan American Union to study the classification and cataloging of published works in cooperation with other institutions.

*Chapter III—Facilitation:* The Congress approved recommendations which had been made by the Permanent Executive Committee at its first meeting, in June 1955, on the basic problems of personal documentation for international travelers. The important items covered included the complete elimination of police certificates, special entry and exit permits, and transit visas and the unilateral elimination of visas, tourist cards, and similar documents wherever possible. It also established the objective of limiting documentary requirements as soon as possible to a minimum of three—proof of identity and nationality, a simple embarkation/debarkation form for statistical and other record purposes, and the international certificate of vaccination.

Ratification by all governments of the two 1954 United Nations conventions on customs facilities for tourists and for private automobiles was also recommended. (The U.S. Senate on April 19, 1956, while the San José conference was in session, gave its consent to ratification of both of these conventions by the U.S. Government.)<sup>2</sup> A special study was authorized on the problem of availability of foreign exchange for international travelers.

Governments were urged to simplify to the maximum extent possible the documentary requirements applicable to civil aviation, in conformity with annex 9 of the International Civil Aviation Convention (Chicago, 1944).

Proposed excursion fares for air travel to South America on routes originating or terminating in the United States or Canada were pronounced an effective means of promoting tourism, and their extension to all countries of the Americas was favored.

The Congress recommended to all governments that their documentary requirements for passengers on ships should be the same as for those on

<sup>2</sup> For texts, see S. Execs. A and B, 84th Cong., 2d sess.

aircraft, together with elimination of consular visas on documents required for the entry or departure of passenger ships.

Support was given to the ratification by all governments of the Convention on Road Traffic of 1949<sup>3</sup> and the Convention on Inter-American Automotive Traffic of 1943.<sup>4</sup> Both of these agreements provide, among other things, for reciprocal recognition of drivers' licenses and registration plates in international travel by private automobiles.

Study was authorized of international railway transport of passengers as it relates to the development of tourism.

*Chapter IV—Travel Plant:* In a resolution of special interest to private industry, the Congress pointed out the urgent need for construction and expansion of hotels and similar establishments in Latin America. It established a series of provisions for a model law for use by any country which sincerely desires to establish favorable conditions for attracting private capital. These provisions include designation of the hotel industry as an essential industry from the standpoint of national interest, providing of national hotel credit, government guaranties on principal and interest payments, customs exemptions on importation of materials and equipment, and admission of expert personnel from other countries for reasonable periods.

The providing of accommodations for motorists on the route of the Inter-American Highway, which is expected to be opened for through traffic from the Mexico-Guatemala border to the Panama Canal by 1959, was found to be an especially urgent problem. A special resolution envisaged a chain of 16 modern motels at approximately 100-mile intervals, basic cost of which was estimated at \$2,500,000; joint action of the governments of the six Republics directly affected, in cooperation with private industry, was recommended.

A new attack was launched upon a problem of fundamental importance to all travelers—that of improved sanitation. The Congress requested the Pan American Sanitary Bureau to appoint a committee of experts to cooperate with the Inter-American Travel Congresses in establishing minimum standards of sanitation for tourist accommodations, including hotels and restaurants. The

Secretariat was instructed to make wide distribution of a report prepared for the Congress by the U.S. Public Health Service on "Sanitation Aspects of Travel." It was recognized that agreement upon minimum standards on an intergovernmental level—with special reference to water supply, food, plumbing, kitchen facilities, and the like—would mark a long step forward in this important phase of travelers' safety and would be of value throughout the world.

Attention was given to the improvement of relations between hotels and travel agencies, using the experience of the United States industry as a guide.

The Secretariat was requested to compile information on hotel schools now functioning in the Americas, for the purpose of promoting creation of more schools of this type and greater uniformity in their programs and administration. The Congress recommended that national hotel associations be organized in countries which do not have them at present and that these affiliate themselves with the Inter-American Hotel Association.

*Chapter V—Promotion:* On the direct promotion of tourist volume, the Congress agreed upon a series of fundamental principles for advertising and publicity. It also instructed the Secretariat to give wide distribution to a report showing how Latin American countries could obtain a larger share of the U.S. travel market, which was prepared for the Congress by the Air Transport Association of America with the assistance of the J. Walter Thompson Company of New York. Presentation of this report, illustrated with slides, at a combined session of the technical commissions of the Congress proved to be one of the outstanding events of the meeting.

A set of principles relating to cooperation between official agencies and private enterprise was also adopted. Study was authorized of cooperative publicity campaigns, continental or regional in scope.

Authorization was given for the conducting of prize essay contests on tourism topics. In this connection, the U.S. delegation announced that the initial contest of this nature would be offered for the next Congress with three prizes of \$1,000, \$500, and \$250, respectively, the funds to be contributed by leading U.S. transportation associations and the administration of the contest to be handled by the Pan American Union.

Appreciative recognition was given to the Gov-

<sup>3</sup> Treaties and Other International Acts Series 2487.

<sup>4</sup> TIAS 1567.



ernment of the United States for its offer of technical assistance projects in the field of tourism. Publication of a technical manual by the Pan American Union, on the basis of the wealth of

material submitted to the Sixth Congress and with a complete index, was authorized. An editing committee will be appointed by the Permanent Executive Committee for this purpose.

## Economic Opportunities for Women

### TENTH SESSION OF THE U.N. COMMISSION ON THE STATUS OF WOMEN

by Mrs. Lorena B. Hahn

The U.N. Commission on the Status of Women at its 10th session, which met at Geneva from March 12 to 29, 1956, stressed the economic items on its agenda, particularly economic opportunities for women. In addition, it reviewed the political rights of women, the access of women to education, and discrimination practices in the field of family and property law. The Commission praised the resolution on advisory services in the field of human rights adopted by the U.N. General Assembly last year<sup>1</sup> and urged that the facilities being provided by this new program be utilized in the promotion of the status of women.

Mrs. Agda Rossel of Sweden was elected chairman of the Commission; Begum Anwar Ahmed of Pakistan, first vice chairman; Mrs. Mitra Mitrovic of Yugoslavia, second vice chairman; and Miss Uldarica Manas of Cuba, rapporteur.

Two countries, Belgium and Israel, served on the Commission on the Status of Women for the first time at its 1956 session. The other 16 countries represented on the Commission were Argentina, Australia, Byelorussia, China, Cuba, Dominican Republic, France, Indonesia, Pakistan, Poland, Sweden, U.S.S.R., United Kingdom, United States, Venezuela, and Yugoslavia. Four of these countries sent new representatives, so that six of the delegates were attending a session of the Commission for the first time.

The Soviet Union had a new representative on the Commission this year, Mrs. Nina S. Spiridonova. In the first few days of the session she

vigorously attacked the Western countries, and the United Kingdom representative and I replied sharply to these attacks. Thereafter, the U.S.S.R. representative shifted to an attitude of cooperation and carefully avoided attacking the Western countries. During the second week of the session the U.S.S.R. representative invited the members of the Commission to attend a 2-week seminar in Moscow during July or August 1956. The Soviet Union offered to pay the expenses of members of the Commission from their countries to the Soviet Union and within the Soviet Union during the seminar. The chairman acknowledged the invitation, but no other response was made to it by the members of the Commission.

#### Resolutions Relating to Employment

The Commission adopted five resolutions in the economic field and called upon the U.N. Secretary-General and the International Labor Office to prepare background material for the further consideration of these subjects at the 1957 session of the Commission. The five resolutions concerned equal pay, the occupational outlook for women, cottage industries and handicrafts, working women with family responsibilities, and the removal of economic discrimination against women.

In the resolution on occupational outlook for

• Mrs. Hahn is U.S. Representative on the U.N. Commission on the Status of Women.

<sup>1</sup> BULLETIN of Dec. 19, 1955, p. 1034.

women the Commission asked the United Nations to prepare lists and descriptions on principal professional and technical fields of training and opportunities which are already available to women or which may in the future become available to them. The Commission decided that it would undertake a long-term study of this subject.

The United States joined with Pakistan in submitting a resolution on cottage industries and handicrafts which was adopted by the Commission. This resolution directed special attention to methods for placing handicraft production and sale on a sound basis, including adequate safeguards for workers against the abuses of industrial homework.

The Commission decided to undertake a study of working women with family responsibilities. The Soviet-bloc members on the Commission sought to focus attention on the protection of "mother and child." The United States and a number of other delegations, however, urged that it would be preferable for the Commission to emphasize the employment situation of women with family responsibilities, and this emphasis was approved by the Commission. The United Nations and the ILO will accordingly prepare reports for the 1957 session of the Commission on activities in various countries for improving employment conditions for working women with family responsibilities.

The U.S.S.R. and several other delegations urged further implementation of a resolution adopted in 1955 by the Economic and Social Council which called for the removal of economic discrimination against women. They proposed a comprehensive report for the 1957 session of the Commission. The United States and several other delegations pointed out that it would be impractical to ask for such a report next year, and unanimous agreement was finally reached on a resolution which asked the United Nations and the ILO to prepare for 1957 and for later sessions of the Commission a series of reports concerning steps being taken by member states to remove economic discrimination against women.

The Commission had a general discussion on problems relating to part-time work for women and older women workers and decided to consider this subject further at its next session. One aspect of the situation of older women workers which was of universal interest to the Commission was the

age for voluntary retirement under social insurance systems.

In the discussion of the subject of equal pay for equal work, and in the resolution finally adopted, the Commission stressed the importance of collective-bargaining procedures as one of the most effective ways to insure equal rates of pay to women workers. On further information to be obtained on this subject the Commission asked that particular attention be given to procedures found useful for achieving equal pay through collective bargaining, such as by encouraging greater participation by women in unions. The Commission was also interested in taxation policies in relation to employed married women.

There was considerable interest on the part of nongovernmental organizations in the agenda items in the economic field, and a number of them participated in the discussions. These organizations were the International Confederation of Free Trade Unions, the International Federation of Christian Trade Unions, the World Federation of Trade Unions, the International Alliance of Women, the International Council of Women, the International Federation of Business and Professional Women, the International Federation of University Women, the International Federation of Women Lawyers, the Pan-Pacific South-East Asia Women's Association, the World Movement of Mothers, the World Union of Catholic Women's Organizations, the Open Door International, and the St. Joan's International Social and Political Alliance.

#### **Equal Suffrage and Equality in Education**

On the political rights of women I joined other members of the Commission in congratulating four countries where women have recently won full suffrage rights—Colombia, Honduras, Nicaragua, and Peru. There are now only 15 countries which deny women the right to vote. In 1945, at the time the U.N. Charter was signed, only 36 countries provided women with full political rights; the number has now increased to 65.

Members of the Commission stressed the importance of increasing citizenship training for women who have recently received the right to vote in order that there will be greater participation by these women in the political life of their countries.

On access of women to education, the Commis-

sion requested an analytical summary of information on discrimination against women in education for review by the Commission at its 1957 session. The Commission discussed that section of the draft report of the special rapporteur appointed by the U.N. Subcommission on the Prevention of Discrimination and Protection of Minorities concerning discrimination on the basis of sex. The Commission was of the opinion that the discussion of discriminatory practices against women in this draft report was inadequate and that the Commission itself should undertake the preparation of a comprehensive statement on this subject.

As a followup of resolutions adopted by the Commission at earlier sessions concerning family law and the property rights of women, the Commission at this session decided to undertake a more detailed study of laws, practices, and customs relating to polygamy, child marriage, bride-price, and the right of the mother to exercise parental authority and to have custody and guardianship of the children during marriage and after its dissolution. Considerable concern was expressed in the Commission concerning laws, practices, and customs which adversely affect the dignity of women and are inconsistent with the principles of the U.N. Charter and the Universal Declaration of Human Rights.

#### Technical Assistance

To implement the resolution on advisory services in the field of human rights adopted by the U.N. General Assembly in 1955 the Commission expressed the hope that the three forms of assistance provided in this resolution would be utilized in the promotion of the status of women. The three forms of assistance provided are (a) advisory services of experts, (b) fellowships and scholarships, and (c) seminars.

The Commission expressed the view that the organization of seminars should be a particularly fruitful method for the promotion of the rights of women and the improvement of their status through the exchange of information and experience in this field. The Commission asked the U.N. Secretary-General to consult particularly with governments and specialized agencies concerning the possibility of holding regional seminars to assist women who have recently acquired political rights, or do not yet fully exercise them, in devel-

oping their understanding of civic responsibilities and increasing their participation in the public life of their countries.

Recommendations for action adopted by the 10th session of the Commission on the Status of Women will be considered by the Economic and Social Council at its 22d session in July 1956.

#### Special Studies and Future Plans

The documentation prepared for the Commission this year included special studies in both the political and economic fields. A report on "Opportunities for Girls in Vocational and Technical Education," developed jointly by UNESCO and the ILO, will be considered at next year's session of the Commission. Another document described briefly over a hundred different technical-assistance projects which affected the status of women directly or indirectly and listed U.N. materials which might be useful to technical experts in countries where changes are taking place in the status of women. Two of the other documents considered by the Commission were based principally on information from women's nongovernmental organizations, one being an analysis of methods for the promotion of equal pay and the other of activities directed toward the recognition and exercise of women's political rights.

The increasing interest of the Commission in equal pay and equal employment opportunities for women reflects the increasing responsibilities women in almost all countries are undertaking in the economic field. That this is true in our own country is evidenced by the growing proportion of women in the labor force, with married women and older women accounting for much of this expansion. The ILO and UNESCO have regularly made their resources available to the Commission, and plans for next year will continue to draw on these agencies in cooperation with the United Nations. Since interchange with nongovernmental organizations is basic to the Commission's understanding of problems and the development of recommendations in this field, I hope their members will continue to make use of the records of the Commission and give thought to its program.<sup>2</sup>

<sup>2</sup> Information on the U.N. Commission on the Status of Women is contained in various sales documents published by the United Nations. A list of these may be obtained from the International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N.Y.

## U. S. Delegations to International Conferences

### Intergovernmental Copyright Committee

The Department of State announced on June 7 (press release 301) that Arthur Fisher, Register of Copyrights, U.S. Copyright Office, Library of Congress, and U.S. representative on the Intergovernmental Copyright Committee, will represent the U.S. Government at the first session of the Committee, which will meet at Paris June 11-16.

The UNESCO-sponsored Universal Copyright Convention, which became effective on September 16, 1955,<sup>1</sup> provides for the Intergovernmental Copyright Committee to study the problems concerning the application and operation of the convention, prepare for its periodic revision, and study other problems of international copyright protection in consultation with interested intergovernmental organizations. The United States adheres to the convention and is a member of the Committee.

The first session of the Committee will have the task of adopting rules of procedure and of establishing precedents for its future activities. The Committee will also discuss questions pertaining to (1) international protection of performing artists, record manufacturers, and broadcasting organizations and (2) protection granted to news and other press information on current events by national copyright laws and international treaties and conventions.

There are now 18 parties to the Universal Copyright Convention: Andorra, Cambodia, Chile, Costa Rica, France, Federal Republic of Germany, Haiti, Holy See, Israel, Japan, Laos, Liberia, Luxembourg, Monaco, Pakistan, Spain, Switzerland, and the United States.

### International Labor Conference

The Department of State announced on June 5 (press release 294) that the United States will be represented at the 39th session of the International Labor Conference at Geneva, June 6-28, by the following delegation:

#### REPRESENTING THE GOVERNMENT OF THE UNITED STATES *Delegates*

J. Ernest Wilkins, Assistant Secretary of Labor, *Chairman*

<sup>1</sup> BULLETIN of Aug. 22, 1955, p. 326. For text of convention and protocols, see S. Exec. M., 83d Cong., 1st sess.

David W. Wainhouse, Deputy Assistant Secretary of State for International Organization Affairs

#### *Alternate Delegate*

B. Allen Rowland, Special Assistant to the Secretary of Commerce

#### *Congressional Advisers*

Augustine B. Kelley, House of Representatives

Samuel K. McConnell, Jr., House of Representatives

#### *Advisers*

John T. Fishburn, Bureau of Inter-American Affairs, Department of State

Selene Gifford, Bureau of Indian Affairs, Department of the Interior

Paul Gurske, Director, Bureau of Labor Standards, Department of Labor

Alice K. Leopold, Special Assistant to the Secretary of Labor for Women's Affairs

Otis E. Mulliken, Office of United Nations Economic and Social Affairs, Department of State

James H. Pearson, Office of Education, Department of Health, Education, and Welfare

Stuart Rothman, Solicitor, Department of Labor

George Tobias, Labor Attaché, U.S. Resident Delegation and Consulate General, Geneva

Arnold Zempel, Executive Director, Office of International Labor Affairs, Department of Labor

#### REPRESENTING THE EMPLOYERS OF THE UNITED STATES

##### *Delegate*

Charles H. Smith, Jr., President, Steel Improvement and Forge Co., Cleveland, Ohio

##### *Advisers*

Virgil B. Day, Manager, Union Relations Service, Public and Employee Relations Services, General Electric Co., New York, N.Y.

G. Gordon Mitchell, Manager, Industrial Relations Division, E. I. du Pont de Nemours and Co., Wilmington, Del.

Carl E. Schneider, Vice President, Industrial Relations, Burroughs Corporation, Detroit, Mich.

Frank H. Terrell, 500 Fairfax Building, Kansas City, Mo.

William G. Van Meter, Attorney, Labor Relations and Legal Department, Chamber of Commerce of the United States, Washington, D.C.

#### REPRESENTING THE WORKERS OF THE UNITED STATES

##### *Delegate*

George P. Delaney, International Representative, American Federation of Labor and Congress of Industrial Organizations, Washington, D.C.

##### *Advisers*

James B. Carey, President, International Union of Electrical, Radio, and Machine Workers, Washington, D.C.

C. J. Haggerty, Secretary-Treasurer, California State Federation of Labor, San Francisco, Calif.

Thomas Murphy, Treasurer, Bricklayers, Masons, and Plasterers International Union of America, Washington, D.C.

Harry Pollak, Department of International Affairs, Amer-



ican Federation of Labor and Congress of Industrial Organizations, Washington, D.C.

George J. Richardson, Secretary-Treasurer, International Association of Fire Fighters, Washington, D.C.

Harry Sayre, President, United Paperworkers of America, Washington, D.C.

The International Labor Conference, which meets yearly, is a forum in which representatives of employers and workers as well as governments for the 73 member countries formulate, through consultation and debate, suggested standards looking to the improvement of working and living conditions around the world. The other principal organs of the International Labor Organization (ILO) are the Governing Body, which is the executive council, and the International Labor Office, which is the secretariat of the organization.

The report of the Director General of the International Labor Office, which will be discussed at the Conference, will include a factual review and analysis of developments in the social field of particular concern to the ILO, the problems of rural and urban employment and their interrelationship in the social field, and an account of ILO activities during the year under review with specific reference to the main emphases in its work and to new developments in its program. Other items on the agenda include vocational training in agriculture; welfare facilities for workers; weekly rest in commerce and offices; and forced labor.

#### **International Conference on Large Electric High-Tension Systems**

The Department of State announced on May 28 (press release 284) that the U.S. Government will be represented by the following delegates at the 16th session of the International Conference on Large Electric High-Tension Systems (CIGRE) at Paris May 30-June 9, 1956:

Donald S. Campbell, Chief, Division of Power, Bureau of Reclamation, Department of the Interior

George A. Grimm, Office of the Assistant Secretary for Properties and Installations, Department of Defense

Ellsworth J. Hand, Deputy Director, Power Equipment Division, Business and Defense Services, Department of Commerce

Leslie N. McClellan, Assistant Commissioner and Chief Engineer, Bureau of Reclamation, Department of the Interior

Founded at Paris in 1921 under the auspices of the International Electrotechnical Commission, CIGRE serves as a focal point for the acquisition and dissemination of technical knowledge on an

international scale in the fields of power generation and transmission. At the forthcoming conference, consideration will be given to technical questions on alternators, cables, transformers, towers, circuit breakers, and overhead lines. It is expected that there will also be reports on the advances made in Europe in recent years in the design and construction of ultra-high-voltage transmission lines and in particular on an extensive 380-kv transmission system which is now in operation in France, the Federal Republic of Germany, Switzerland, and Italy.

CIGRE membership is composed of 1,800 individuals and collective members (industrial and scientific societies, organizations dealing with high-tension electrical systems) in Algeria, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, Czechoslovakia, Denmark, Egypt, Finland, France, Greece, Guatemala, Hungary, India, Iran, Ireland, Israel, Italy, Lebanon, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Rumania, Spain, Sweden, Switzerland, Tunisia, Turkey, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom, United States, Uruguay, and Yugoslavia.

#### **Current U.N. Documents: A Selected Bibliography**

##### **Security Council**

Letter dated 8 March 1956 from the Representative of Syria addressed to the President of the Security Council. S/3555, March 8, 1956. 2 pp. mimeo.

Letter dated 13 March 1956 from the Permanent Representative of Israel addressed to the President of the Security Council. S/3559, March 14, 1956. 3 pp. mimeo.

Letter dated 6 April 1956 from the Permanent Representative of Israel addressed to the President of the Security Council. S/3577, April 6, 1956. 3 pp. mimeo.

Letter dated 9 April 1956 from the Permanent Representative of Egypt addressed to the President of the Security Council. S/3579/Rev. 1, April 13, 1956. 4 pp. mimeo.

Letter dated 12 April 1956 from the Permanent Representative of Israel addressed to the President of the Security Council. S/3585, April 12, 1956. 2 pp. mimeo.

Communications circulated by the President of the Security Council at the request of the Secretary-General.

1. Text of message from the Secretary-General to the Prime Minister of Israel, dated 11 April 1956 from Cairo, Egypt. 2. Letter dated 12 April 1956 from the Prime Minister of Israel to the Secretary-General of the United Nations, at Cairo, Egypt. 3. Text of message from the Secretary-General to the Prime Minister of Israel, dated 13 April 1956 from Cairo, Egypt. S/3586, April 13, 1956. 7 pp. mimeo.

Communications circulated by the President of the Security Council at the request of the Secretary-General.

1. Message from the Prime Minister of Israel to the Secretary-General dated 13 April 1956. 2. Message from the Secretary-General to the Prime Minister of Israel dated 13 April 1956. 3. Message from the Foreign Minister of Israel to the Secretary-General delivered personally at Lydda airport on 14 April. S/3587, April 16, 1956. 4 pp. mimeo.

## TREATY INFORMATION

### United States and Austria Sign Atoms-for-Peace Agreement

On June 8 the U.S. Atomic Energy Commission and the Department of State (press release 306) announced that representatives of Austria and the United States had signed on that day a proposed agreement for cooperation in research in the peaceful uses of atomic energy. The agreement was negotiated within the framework of President Eisenhower's atoms-for-peace program.

The agreement was signed for Austria by Ambassador Karl Gruber and for the United States by Lewis Strauss, Chairman of the Atomic Energy Commission, and Robert Murphy, Deputy Under Secretary of State.

## Current Actions

### MULTILATERAL

#### Aviation

Protocol amending articles 48 (a), 49 (e), and 61 of the convention on international civil aviation (TIAS 1581) by providing that sessions of the Assembly of the International Civil Aviation Organization shall be held not less than once in 3 years instead of annually. Done at Montreal June 14, 1954.<sup>1</sup>

*Ratifications deposited:* Mexico, May 13, 1955; Netherlands, May 31, 1955; Honduras, June 1, 1955; Denmark, June 4, 1955; Spain, June 6, 1955; Iceland, July 5, 1955; Sweden, July 8, 1955; Philippines, July 27, 1955; Portugal, September 20, 1955; Indonesia, October 18, 1955; Pakistan, October 21, 1955; Turkey, December 23, 1955; China, February 16, 1956; Syria, March 8, 1956; Afghanistan, March 15, 1956; Austria, April 13, 1956; Switzerland, April 17, 1956; Norway, April 18, 1956; Bolivia, May 23, 1956; Union of South Africa, May 24, 1956.

#### Federal Republic of Germany

Agreement on German external debts. Signed at London

<sup>1</sup> Not in force.

February 27, 1953. Entered into force September 16, 1953. TIAS 2792.

*Ratification deposited:* Greece, April 21, 1956.

#### Health

Constitution of the World Health Organization. Done at New York July 22, 1946. Entered into force April 7, 1948. TIAS 1808.

*Acceptances deposited:* Morocco, Sudan, and Tunisia, May 14, 1956.

#### Safety at Sea

Regulations for preventing collisions at sea. Done at London June 10, 1948. Entered into force January 1, 1954. TIAS 2899.

*Acceptances deposited:* Thailand, December 8, 1955; Viet-Nam, March 15, 1956.

#### Trade and Commerce

International convention to facilitate the importation of commercial samples and advertising material. Dated at Geneva November 7, 1952. Entered into force November 20, 1955.<sup>2</sup>

*Accession deposited:* Federation of Rhodesia and Nyasaland, April 30, 1956.

## BILATERAL

#### Netherlands

Agreement relating to certificates of airworthiness for imported aircraft. Effected by exchange of notes at The Hague September 19 and November 4, 1955.

*Entered into force:* May 22, 1956 (date of receipt by the United States of a notification from the Netherlands that the agreement has been constitutionally approved).

#### Pakistan

Construction agreement pursuant to article I, paragraph 1, of the Mutual Defense Assistance Agreement of May 19, 1954 (TIAS 2976). Signed at Karachi May 28, 1956. Entered into force May 28, 1956.

#### Panama

Reciprocal agreement for gratis nonimmigrant visas. Effected by exchange of notes at Panamá March 27, May 22 and 25, 1956. Entered into force June 1, 1956.

#### Portugal

Surplus agricultural commodities agreement pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, 455; 69 Stat. 44, 721). Signed at Lisbon May 24, 1956. Entered into force May 24, 1956.

## DEPARTMENT AND FOREIGN SERVICE

### Resignations

R. Douglas Stuart as Ambassador to Canada, effective May 6.

<sup>2</sup> Not in force for the United States.

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April 7,

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No.	Date	Subject
*293	6/5	Program for Adenauer visit.
294	6/5	Delegation to International Labor Conference (rewrite).
*295	6/5	Nufer sworn in as Ambassador to Philippines.
296	6/6	China credentials (rewrite).
†297	6/6	Results of 1956 tariff negotiations.
298	6/6	Cutoff date on visas for escapees.
299	6/6	Kalijarvi: "The Aircraft Industry and Foreign Trade Policy."
*300	6/7	Educational exchange.
301	6/7	Intergovernmental Copyright Committee.
*302	6/7	Conant: American Chemical Society.
†303	6/8	Delegation to World Power Conference (rewrite).
304	6/8	Holland: "Evaluation of U.S. Economic Relations With Latin America."
*305	6/8	Educational exchange.
306	6/8	Atoms-for-peace agreement with Austria (rewrite).
307	6/8	Dulles: "The Cost of Peace."

\*Not printed.

†Held for a later issue of the BULLETIN.



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